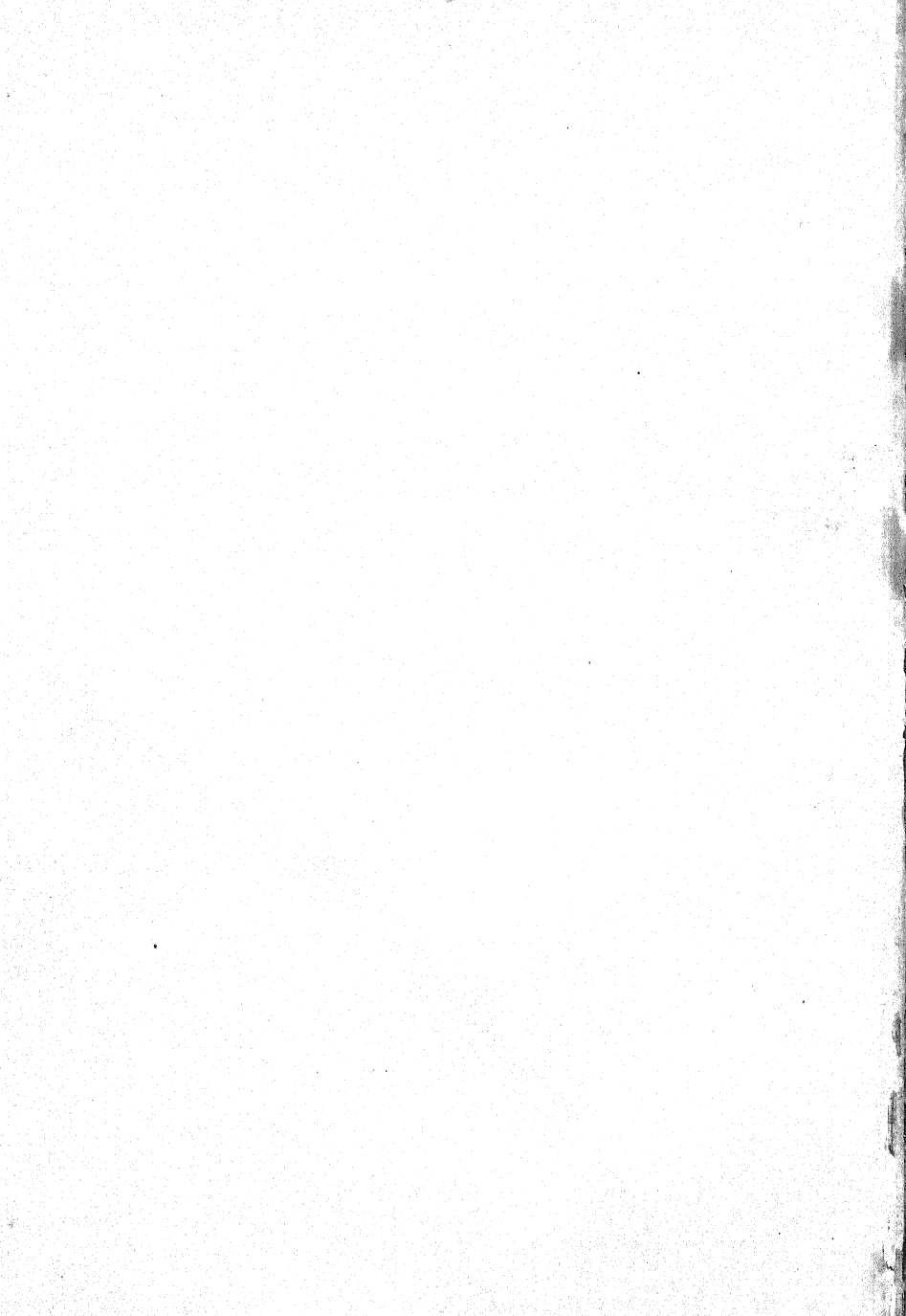


THE SHANTUNG QUESTION



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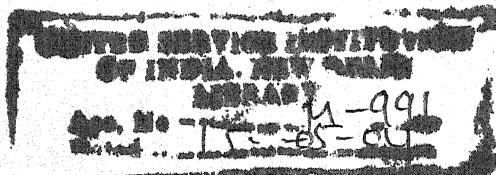
A STUDY IN DIPLOMACY
AND WORLD POLITICS

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372



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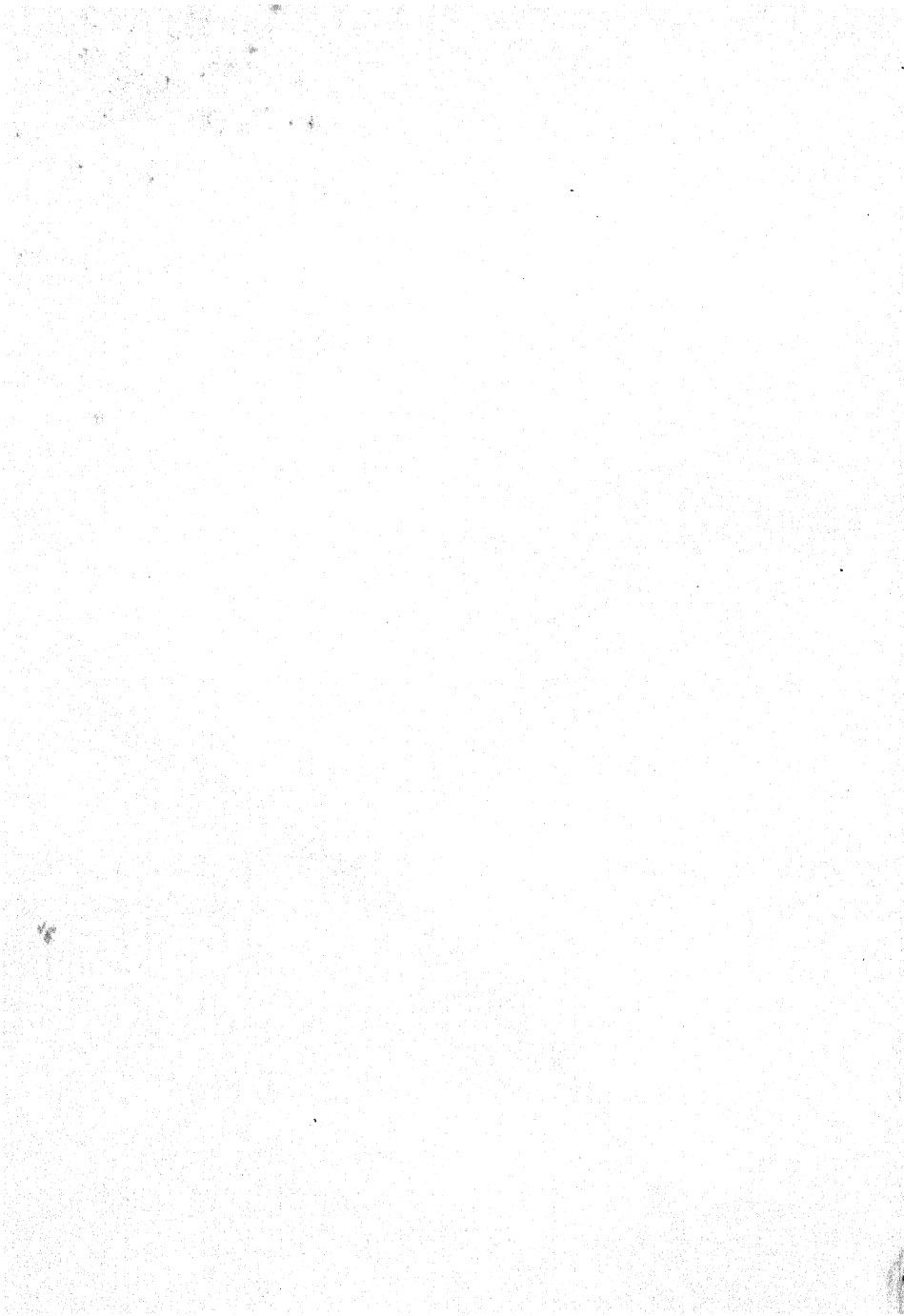
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In Memory of

MY FATHER, MOTHER, BROTHER

And Other Members in the Family Who Departed While I
Was Away in the United States for Education



PREFACE

WITH the conclusion of the Shantung Agreement at Washington, February 4, 1922, the serious dispute that has been outstanding between Japan and China for the last seven or eight years is removed from the field of international controversy. The "Shantung question" has been amicably settled, apparently to the satisfaction of both countries.

Growing out of the forcible seizure by Germany in 1897 of the Kiaochow Bay and the subsequent grant by China of a lease of the territory for ninety-nine years, the so-called Shantung question was, properly speaking, not a Shantung question. Primarily, the question was one which concerned the leased territory only. In view, however, of the fact that the entire province of Shantung was, upon the occupation of the Kiaochow Bay by Germany, recognised by Great Britain as a German sphere of interest, first in the declaration regarding the British occupation of Wei-hai-wei and then in the Anglo-German Railway Agreement of 1898, it is not without ground that the question relating to the leased territory has been frequently designated as the Shantung question.

The term becomes more pertinent and more appropriate with Japan's succession to the German rights and concessions in Shantung after the war. Indeed, the question can from then on be properly called the Shantung question. Japan has not only taken the

German leased territory; she has seized and controlled the Shantung Railway, which extends far into the interior of the province; she has taken possession of the rich coal and iron mines along the railway, which are found, not within the area of the leased territory, but largely outside of it; she has established postal agencies, military barracks, and civil administration throughout the province; her police has guarded the railway; her traders and merchants have penetrated all the corners and nooks of the province; in short, Japan's political and economic activities have extended all over the province. It is proper to say, therefore, that the question arising out of the German leasehold, has grown to be a question concerning the future of the entire Shantung province.

The turning point of the question was, of course, reached at the Versailles Peace Conference where the statesmen engaged in the task of rough-hewing the peace of the world saw fit to give the German rights and concessions in Shantung to Japan instead of restoring them to China. Had it not been for this unfortunate decision, or had the Conference decided differently, there would have been no Shantung question in the past few years.

Now, to all intents and purposes, the question has been settled, and the settlement reached at Washington is nothing short of a complete reversal of the sweeping terms embodied in the Versailles Treaty. One is, however, very naïve indeed who thinks that the last word has been said about the Shantung question. Much remains to be done before the province of Shantung, where Confucius and Mencius, two of

China's great sages, were born, lived, and died, can be completely restored to its sovereign owner.

In view of the world-wide interest that it has aroused and the unusual significance that has been attached to it, the Shantung question, no matter what further development the future may yet hold in store, will remain a permanent and interesting chapter in the history of international politics in the Far East. No apology is necessary, therefore, for the appearance of this volume, in which the complete story of the question is told with all the available documents. Much of the material was originally prepared by the author and used for publicity purpose by the Press Department of the Chinese delegation at the Washington Conference, which is now incorporated in this volume with but slight changes. The readers are invited to consult the two other volumes, *The Twenty-one Demands* and *The Chino-Japanese Treaties of May 25, 1915*, which have a close bearing upon several phases of the Shantung question.

In the preparation of this volume the author is greatly indebted to many of his friends who have assisted him in the gathering of the material and placed at his disposal many important documents bearing on the Shantung question, which are otherwise inaccessible. A few of the documents, now incorporated in this volume either in the text or in the appendices, have not hitherto become public property and have appeared here for the first time. The author has adopted it as his policy to give the complete text, whenever possible, of every official document he cites, instead of quoting mere extracts

therefrom. It is hoped that this policy will meet the approval of those who care to make a documentary study of the question, but who have neither the time nor opportunity to make an extended investigation.

Finally, it may be said, a study of the Shantung question is necessarily a study of diplomacy and international politics. Although the settlement of the question has removed it from the front pages of newspapers and has left it with little more than historical interest, the complete story of its gradual development, saturated as it was with diplomatic sharp practice and intrigue, and pregnant with unusual political significance, will forever remain an enlightening, instructive, though not necessarily edifying, lesson for students of world politics.

G. ZAY WOOD

New York.

CONTENTS

CHAPTER	PAGE
I. INTRODUCTION	13
II. GERMAN OCCUPATION OF KIAOCHOW BAY	24
III. GERMANY IN SHANTUNG	34
IV. THE FALL OF TSINGTAO	40
V. JAPAN AND THE TSINGTAO CUSTOMS OFFICE	54
VI. SHANTUNG AND THE TWENTY-ONE DEMANDS	60
VII. ALLIED SECRET AGREEMENTS ON SHANTUNG	66
VIII. CHINA AND THE WAR	82
IX. THE SECRET AGREEMENTS OF 1918	96
X. THE SHANTUNG QUESTION AT THE PEACE CONFERENCE AT VERSAILLES	102
XI. THE SHANTUNG "SETTLEMENT" AND ITS AFTERMATH	150
XII. THE SHANTUNG QUESTION IN THE UNITED STATES SENATE	159
XIII. THE RAILWAYS IN SHANTUNG	172
XIV. THE MINES IN SHANTUNG	183
XV. JAPAN'S CONTROL OF COMMERCIAL FACILITIES	193
XVI. JAPAN'S PEACEFUL PENETRATION OF SHANTUNG	198
XVII. ATTEMPTS AT DIRECT NEGOTIATION	213
XVIII. THE SHANTUNG QUESTION AT THE WASHINGTON CONFERENCE	237
XIX. THE NEW SHANTUNG SETTLEMENT	266
XX. CONCLUSION	278

APPENDICES

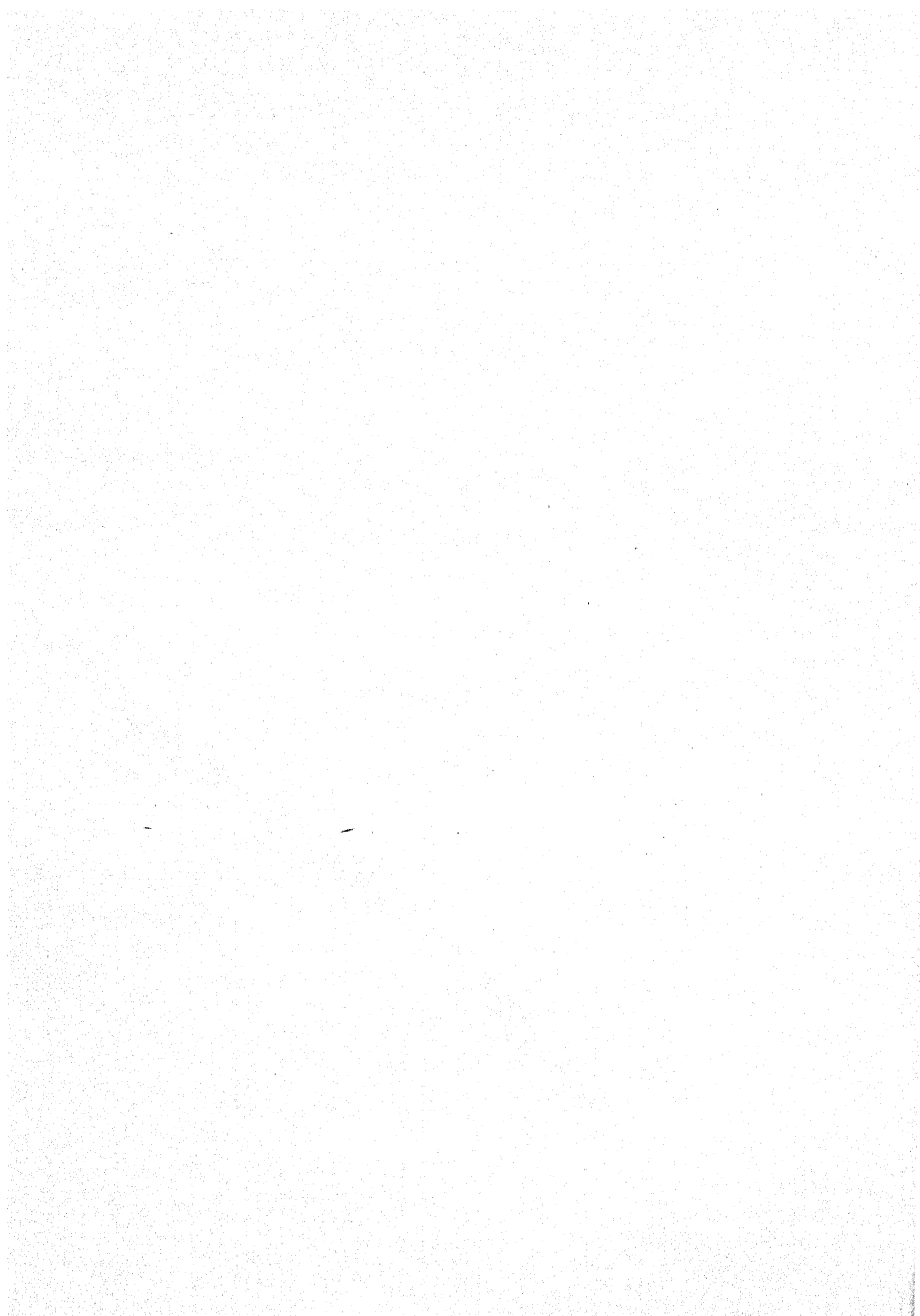
A. CONVENTION BETWEEN CHINA AND GERMANY RESPECTING THE LEASE OF KIAOCHOW BAY TO GERMANY, MARCH 6, 1898	281
B. AGREEMENT BETWEEN CHINA AND GERMANY RESPECT-	

ING THE KIAOCHOW-TSINAN RAILWAY REGULATIONS, MARCH 21, 1900	286
C. CONVENTION BETWEEN CHINA AND GERMANY RESPECT- ING THE WITHDRAWAL OF GERMAN TROOPS FROM KIAOCHOW AND KAOMI, NOVEMBER 28, 1905 . . .	292
D. AGREEMENT BETWEEN THE PROVINCIAL AUTHORITIES OF SHANTUNG AND THE CHINO-GERMAN MINING COMPANY FOR DELIMITING MINING AREAS IN THE PROVINCE OF SHANTUNG, JULY 24, 1911	294
E. NOTES ON THE ESTABLISHMENT AND THE ABOLITION OF THE SPECIAL WAR ZONE IN SHANTUNG	297
F. NOTES PROTESTING AGAINST VIOLATION OF THE NEU- TRALITY OF CHINA AND THE OCCUPATION OF THE KIAOCHOW-TSINAN RAILWAY	301
G. CHINA'S DECLARATION OF WAR ON GERMANY AND AUSTRIA-HUNGARY, AUGUST 14, 1917	308
H. SECRET AGREEMENTS BETWEEN CHINA AND JAPAN, CONTAINING NOTES EXCHANGED, SEPTEMBER 24, 1918, BETWEEN THE CHINESE MINISTER AT TOKIO AND THE JAPANESE MINISTER OF FOREIGN AFFAIRS, RESPECTING THE CONSTRUCTION OF THE TSINAN- SHUNTEH AND KAOMI-HSUCHOW RAILWAYS, THE ADJUSTMENT OF QUESTIONS CONCERNING SHANTUNG, THE CONSTRUCTION OF FOUR RAILWAYS IN MAN- CHURIA AND MONGOLIA, AND THE PRELIMINARY CON- TRACTS FOR THE ABOVE-MENTIONED RAILWAYS . .	311
I. MEMORANDUM PRESENTED TO THE PEACE CONFERENCE AT VERSAILLES BY THE CHINESE DELEGATION CON- TAINING PROVISIONS FOR INSERTION IN THE PRELIM- INARIES OF PEACE WITH GERMANY	319
J. THE CLAIM OF CHINA FOR DIRECT RESTITUTION TO HERSELF OF THE LEASED TERRITORY OF KIAOCHOW, THE TSINGTAO-TSINAN RAILWAY AND OTHER GERMAN RIGHTS IN RESPECT OF SHANTUNG PROVINCE . .	323
K. LETTER OF PROTEST ON THE SHANTUNG SETTLEMENT TO PRESIDENT WILSON BY GENERAL TASKER H. BLISS, APRIL 29, 1919	336

CONTENTS

11

L.	MEMORANDUM PREPARED FOR THE STRICTLY CONFIDENTIAL USE OF THE CHINESE DELEGATION AT THE PEACE CONFERENCE, BASED ON THE RECORDS OF THE COUNCIL OF THE PRINCIPAL ALLIED AND ASSOCIATED POWERS, AND CONTAINING THE ASSURANCES GIVEN BY THE JAPANESE RESPECTING THE EVENTUAL RESTORATION TO CHINA OF THE LEASED TERRITORY OF KIAOCHOW AND THE DISPOSAL OF THE GERMAN RIGHTS IN SHANTUNG	340
M.	LETTER OF THE AMERICAN CHAMBER OF COMMERCE OF CHINA TO THE AMERICAN MINISTER IN PEKING ON THE DISPOSITION OF THE GERMAN LEASED TERRITORY IN SHANTUNG, DECEMBER 16, 1918	342
N.	MEMORANDUM BY THE BRITISH CHAMBER OF COMMERCE ON THE FUTURE OF TSINGTAO	344
O.	WALSH RESOLUTION IN THE SENATE OF THE UNITED STATES, JANUARY 20, 1922, ON THE SHANTUNG QUESTION	348
P.	TREATY FOR THE SETTLEMENT OF OUTSTANDING QUESTIONS RELATIVE TO SHANTUNG, SIGNED AT WASHINGTON, FEBRUARY 4, 1922	351
Q.	TERMS OF UNDERSTANDING AS RECORDED IN THE MINUTES OF THE CHINESE AND JAPANESE DELEGATIONS CONCERNING THE CONCLUSION OF THE "TREATY FOR THE SETTLEMENT OF OUTSTANDING QUESTIONS RELATIVE TO SHANTUNG."	361



THE SHANTUNG QUESTION

I

INTRODUCTION

IN the history of international politics there are but few, if any, incidents, the magnitude and significance of which can at all be compared to the magnitude and significance of what has been known as the Shantung question. In fact, it may safely be said that there is no single instance in modern history—not excepting the ruthless dismemberment of Poland, the gradual subjugation of India, and the shameless annexation of Alsace-Lorraine and of Korea—which has stood out so conspicuously as a case of imperialism and international immorality, or which has aroused so much moral indignation throughout the world as has this so-called Shantung question.

Looked at in its simplest elements, the Shantung question represented the wilful and deliberate aggression by one Power upon another. Like the partition of Poland, the annexation of Korea and other similar acts of international aggrandisement, the seizure of Shantung, first by Germany and then by Japan, was actuated by that spirit of expansion, which seems to have taken possession of, not Germany or Japan alone, but all the states with a

penchant for territorial aggrandisement. Germany was, of course, the first Power to start what has sometimes been styled the game of international scramble in China towards the end of the nineteenth century, but she was by no means the first Power to bring about China's break-up. Chinese territory had been annexed by Great Britain as far back as 1842 when, as a result of the Opium War, China was forced to give up Hongkong as a part of the price of peace. On the other hand, Shantung, a province of 55,984 square miles, with a population generally estimated to be over 30,000,000 and its natural wealth equalled by few and surpassed by none of the other provinces, was sure enough attraction for Germany.

The forced lease of Kiaochow, which marked the beginning of the régime of spheres of interest or of influence in China, marked also the beginning of the Shantung question. But the end which was brought about by the war to Germany's occupation of the leased territory did not mean the end of the régime of the spheres of interest or the end of the Shantung question. On the very contrary, the dispossession of Germany by Japan, with no mean assistance from Great Britain, was achieved with no other purpose in view than that of making Shantung a Japanese sphere. Germany was, in 1914, called upon to hand over her Shantung possessions to Japan so that they could be restored to China. But restoration without condition was not among the schemes contemplated by Japan, and the conditions which she proposed were as difficult of acceptance by China as it was difficult for Japan to effect restoration without them.

Since the formal grant by China of the lease on

March 6, 1898, Germany had availed herself of every opportunity to develop the territory leased to her for ninety-nine years, and to make use of the rich natural resources for which Shantung is justly reputed. She had established at Tsingtao a model foreign settlement; she had given the port the best of harbour works known in the Far East; she had constructed the Kiaochow-Tsinan Railway and its branches; she had operated the iron and coal mines along the railway; in short, every privilege which China had granted to her was made use of with zest. The seeds of aggression began to blossom in the years of peace and active promotion that followed. The German Government sowed them, German capital watered them, and German energy cultivated them; and it was the Germans first who reaped the fruits.

Everything went along with promise for almost fifteen years. And then broke out the European war in August, 1914, which set the whole world aflame. German prospect in Shantung was doomed when Japan decided to take over Kiaochow and make room for herself. On November 7, Tsingtao was captured by the Anglo-Japanese forces. The British contingent soon withdrew, leaving the Japanese in Shantung to enjoy the fruits of German labor and to make further encroachments upon China.

The dispossession of Germany of her rights in Shantung was not so serious a matter as Japan's succession to them. It should be noted that the so-called Shantung question was, in the first stage of its development, nothing more than a question between China and Germany with respect to the Kiaochow leased territory in particular and the Shantung

province as a German sphere of interest in general. Japan's capture of the leasehold had the effect of making it a spoil of war, and her stepping into the German boots in Shantung introduced a new and decidedly formidable factor into the question, that surely rendered its solution difficult if not impossible. What was originally a question between China as the lessor and Germany as the lessee, now became a question between Japan as the victor in the war and Germany as the defeated.

In 1915 Japan sought to impose upon China the terms of what she considered to be a just settlement of the Shantung question. These terms were embodied in the notorious Twenty-one Demands, presented to China on January 18, 1915, and accepted in part on May 7 of the same year. They included China's assent to the direct disposition between Japan and Germany of the German rights, interests and concessions in Shantung, and to the building by Japan of a railway from Chefoo or Lungkow to join the Kiaochow-Tsinan Railway.

In 1917, in anticipation of China's participation in the war, Japan entered into secret agreements with her European Allies, Great Britain, France, Italy, and Russia, whereby she was assured by them to support her claim at the Peace Conference to succeed to the rights and concessions which Germany had held in Shantung.

This move, on the part of Japan, greatly complicated the Shantung question, and made it practically impossible to arrive at a just and equitable solution which the Chinese people had eagerly looked for.

The question was further complicated by China's

declaration of war upon Germany, on August 14, 1917, which, according to all the accepted tenets of International Law, abrogated the Convention of March 6, 1898, under which Germany had acquired her title to the leased territory in Shantung. Upon the abrogation of the lease, German rights and concessions reverted back to China.

In 1918 Japan entered into secret understandings with the Chinese Minister at Tokio whereby she was promised the right to construct two railway lines between Tsinan and Shunteh and between Kaomi and Hsuchow. She was also given the right of preference to other "suitable lines" in Shantung if the said two should be deemed as unprofitable undertaking.

This was in substance the situation of the Shantung question when the Peace Conference at Versailles began its sessions. Armed with the treaty which she had forced from China as a result of the Twenty-one Demands in 1915, the secret agreements between herself and the Allied Powers, and the secret understandings with the Chinese Minister at Tokio, Japan came to the Conference to demand her "pound of flesh." She insisted that Shantung must be awarded to her, instead of China. The story of the Shantung settlement at the Versailles Peace Conference will be told in a later chapter in all its details. For the present it is sufficient to say that the Allied statesmen yielded to Japan's demand. The result is that the following clauses, said to have been drafted by a Japanese expert, were embodied in the Treaty of Peace with Germany:

PART IV, SECTION VIII

SHANTUNG

Article 156

Germany renounces, in favour of Japan, all her rights, title, and privileges—particularly those concerning the territory of Kiaochow, railways, mines, and submarine cables—which she acquired in virtue of the Treaty concluded by her with China on March 6, 1898, and of all other arrangements relative to the Province of Shantung.

All German rights in the Tsingtao-Tsinanfu Railway, including its branch lines together with its subsidiary property of all kinds, stations, shops, fixed and rolling stock, mines, plant, and material for the exploitation of the mines, are and remain acquired by Japan, together with all rights and privileges attaching thereto.

The German State submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo, with all the rights, privileges, and properties attaching thereto, are similarly acquired by Japan, free and clear of all charges and encumbrances.

Article 157

The movable and immovable property owned by the German State in the territory of Kiaochow, as well as all the rights which Germany might claim in consequence of the works or improvements made or of the expenses incurred by her, directly or indirectly in connection with this territory, are and remain acquired by Japan, free and clear of all charges and encumbrances.

Article 158

Germany shall hand over to Japan within three months from the coming into force of the present Treaty the archives, registers, plans, title-deeds, and documents of every kind, wherever they may be, relating to the administration, whether civil, military, financial, judicial, or other, of the territory of Kiaochow.

Within the same period Germany shall give particulars to Japan of all treaties, arrangements, or agreements relating to the rights, title, or privileges referred to in the two preceding Articles.

Such is the language of the treaty provisions whereby all the rights and concessions which Germany had enjoyed in Shantung before the war were turned over to Japan, "instead of restoring them to China, the legitimate sovereign of the territory and loyal co-belligerent by the side of the Allied and Associated Powers in the War." Japan got all she had wanted, and a good deal more. Besides the German state property which was found in the form of government buildings, barracks, magazines, harbours, banks, submarine cables, and a thousand and one other things, Japan also acquired, "free and clear of all charges and encumbrances," mines, plants, railways, and their subsidiary properties, which were, strictly speaking, private, and not state, properties and were, therefore, not subject to confiscation according to the ordinary rules of International Law. There can be no denying that these Shantung provisions were so sweeping that they surpassed Japan's own profoundest hopes. They read like an inventory of the German properties and possessions in Shantung to be transferred to Japan, without the slightest reference to China. From the Japanese point of view, they were, it may be truthfully said, so inclusive that hardly a thing was left to which Japan could not lay her claim by right of the Versailles Treaty. From the Chinese point of view, they were so exclusive that there was absolutely nothing left to China which was of any value. The Allied statesmen—the "Big Three" so called, President Wilson, Georges Clemenceau and Lloyd George, having decided to give Japan what she had demanded, took the attitude of a generous donor who, anxious to curry favour with

her, bestowed upon one ally all the riches in Shantung at the expense of another ally. "Help yourself, and if you do not find what you want, ask for it" seemed to sum up fairly well the position of the "Big Three" who had thus permitted themselves to be the willing tools in the spoliation of China.

With this unfortunate decision by the Versailles Peace Conference, the Shantung question now attained the maximum of complicacy. Private understandings and public engagements had woven around it such a thick web of diplomacy that it was very difficult to extricate. It ceased to be a question between China and Germany; it was no longer a question between Japan and Germany or between China and Japan; it became a question between China on the one side and Japan and the other Allied and Associated Powers on the other. From one concerning chiefly the localised area of a leased territory, the question became one that threatened the integrity of China as a whole. With the Kiaochow-Tsinan Railway and its branches in Japan's firm grasp, which, it should be said, are the main economic arteries of the province and the direct lines of communication with Peking and the rest of China, it is more than evident that Japan could have under her thumbnail the seat of the Chinese Government. The situation thus created could not be conducive to the safety and integrity of China. A glance at the geography of North China is sufficient to convince any one who refuses to believe the seriousness of the situation. It should be borne in mind that Japan has already had a strangle-hold upon Manchuria where she has controlled the South Manchurian Railway ever since

the conclusion of the Russo-Japanese war. Now, by the "settlement" reached by the "Big Three," Japan was given all the German possessions in Shantung, the Kiaochow-Tsinan Railway included. With one foot in Shantung and another in South Manchuria, commanding the gulf of Pechili, which is the most important gateway of North China, and controlling the South Manchurian Railway and the Kiaochow-Tsinan Railway, two of the quickest approaches from the sea to the capital of the Chinese Republic, Japan would be in a position to throttle the Peking Government at a moment's notice. "The jaws of a pair of pincers threatening a nut would not be a circumstance comparable to the menace of Japanese influence on the metropolitan province and Peking." "Such a virtual substitution of Japan for Germany in Shantung is serious enough in itself, but it becomes grave when the position of Japan in Southern Manchuria and Eastern Mongolia is read in connection with it. Firmly intrenched on both sides of the gulf of Pechili, the water outlet of Peking, with a hold on three trunk lines from Peking and connecting it with the rest of China, the capital becomes but an enclave in the midst of Japanese influence." This was exactly the situation created by the Shantung "settlement" reached by the "Big Three" at the Versailles Peace Conference.

China could not, of course, accept the situation. She refused to sign the Versailles Treaty. The United States, having signed it, did not ratify it. But the treaty came into force upon the ratification by three of the Principal Allied and Associated Powers. Legally, it could never be binding upon China or the

166-1

271

United States. But the fact that it was binding upon Japan, Great Britain, Italy, France, and the other Allied Powers, and not upon China and the United States, created another situation that made its reconsideration and revision extremely difficult. It was the admitted policy on the part of the Peking Government to bring the Shantung question before the Council of the League of Nations for consideration. Its favourable action was, however, highly questionable, in view of the fact that the Powers represented on the Council of the League were, with the exception of China, signatories to the Versailles Treaty. At the Washington Conference, it was the avowed intention of the Chinese delegates to present the Shantung question in one of its plenary sessions. But this could not be done because of the fact that out of the nine Powers attending the Conference six had signed the Versailles Treaty.

Three attempts or overtures were made by Japan to China for "direct negotiation" looking towards the restoration of the Shantung province, since the Versailles Treaty had come into force; and for three times China set her face resolutely against direct negotiation, to which the people had been vigorously and vociferously opposed. The ground was that China could not undertake any negotiation with respect to the Shantung question on the basis of the Versailles Treaty to which she was not a consenting party. In the point of law, this position was unassailable; as a matter of fact, however, it served to retard the early solution of the Shantung question. With China it became a matter of importance to revise the terms of the Versailles settlement or to

enter into new ones in order to nullify them. Now, who could revise them or would be willing to do so? Not Japan herself; not the Allied Powers; not the League of Nations in which President Wilson, one of the three statesmen responsible for the Shantung decision at the Peace Conference, seemed to have entertained great confidence for rectifying this great injustice; and even the Washington Conference which was called partly to discuss the Pacific and the Far Eastern problems refused to take cognisance of the Shantung question. China herself could not revise the Versailles settlement; the best she could accomplish was to come to such terms with Japan as to effect a reversal of or to nullify the Versailles provisions. Under no circumstance could this be accomplished without direct negotiation, however strongly opposed to it the popular sentiment in China was at the time.

Happily, however, the Washington Conference came upon a different and new procedure. Without running counter to the well-expressed sentiment of the people in China, the Chinese and the Japanese delegates to the Conference commenced the Shantung "conversations" in the presence of the American and British "observers" who, except making occasional observations, took no part in the negotiation. After thirty-six laborious meetings, the Chinese and the Japanese delegates reached an agreement relative to the Shantung question, the terms of which were nothing short of a negation of the Versailles settlement. With the Allied Powers the Versailles Treaty remains binding now as ever before; with China it has lost its terror.

II

GERMAN OCCUPATION OF KIAOCHOW BAY

THE occupation of Kiaochow Bay by Germany was an incident of great importance and interest, which must be told with reasonable details in order to furnish a complete diplomatic background of the Shantung question.

The immediate result of the Chino-Japanese war of 1894-1895, which, to borrow the language of an authority of International Law, "had destroyed the fame of one nation and made that of another," was an invitation, as it were, to the European Powers for political and economic encroachments upon China. It is to be admitted that China's miserable defeat in the war revealed her desperate weakness and absolute helplessness to the world much more glaringly than ever before, and the European Powers were quick to see their opportunity for further aggrandisement at her expense. It was precisely at this moment that the cry of the "break-up of China" was on everybody's lips, and it was exactly at this moment that the Powers in Europe, not satisfied with what they had already acquired from China in the past, actually contemplated of her dismemberment.

The first Power who took advantage of China's weakness and helplessness was Germany, who, unlike France, Great Britain, Russia, or Japan, had hitherto no territorial possessions either in China or

in the Far East, and who was therefore unusually anxious to seize the first possible opportunity to place herself on an equal footing with the rest of the Powers. In the month of January, 1897, a German expert in harbour-building and engineering was sent to China by the Berlin Government, in response to a suggestion made in the previous year by the German Rear-Admiral on the China station. Germany was then most anxious to secure on the China coast an ice-free port, which could serve "as a rendezvous for her vessels" and as "a coaling station" so as to make her position in the Far East in general and in China in particular not unequal to that of the other Powers. The report prepared by the German expert as a result of his investigation along the Chinese coast was most favourable to the establishment of a German naval base at Kiaochow Bay. The German Minister in Peking made, under instructions from Berlin, immediate overtures to the Chinese Government for the lease of the bay and its surrounding territories.

In this connection, it is important to remember that Germany wanted, in the first place, a naval base in the Chinese waters for the protection of German commerce and for the upholding of German prestige in the Far East. It is, of course, unnecessary to add that the search for a naval base in the Far East was but one of the details incident to the execution of the ambitious naval programme that Germany was about to adopt. And secondly, it should also be borne in mind that the German expert, who was sent out to China to look over the ground, decided upon Kiaochow Bay only after he had found out that Samsa Bay, Wei-hai-wei, and Samman Bay were useless

for such purpose. That such was the case was admitted by the German Kaiser himself.* He based his choice, however, not only on the strength of the usefulness of the port as a naval base, but also on the wealth of natural resources in the hinterland. It was very natural, therefore, that the German diplomat in the Chinese capital, under instructions and inspirations from Berlin, had made repeated overtures to the Chinese Government for the lease of the Kiaochow Bay, and not of the other bays and harbours along the Chinese coast.

To these overtures the Chinese Government, though greatly weakened by the war with Japan, was yet firm enough to lend a deaf ear. Neither the German Minister nor the German Government knew how to proceed. At this very moment, however, an accident took place, which the German Government immediately made use of to bring about the realisation of its ambition. On the first of November, 1897, three German Catholic missionaries (named Nies, Henle, and Stenz) were attacked by a Chinese mob in a village named Chang-chia in the Tsao-chow prefecture of the Shantung province. The first two named were seriously wounded and finally died, and the third escaped unhurt.

In this unhappy incident, Germany saw immedi-

* A German historical writer stated (in a book published under German Imperial patronage) that the occupation of Kiaochow Bay was carried out as the result of a proposal by Bishop Anzer, then a very well-known German missionary in China. Kaiser Wilhelm II denied, however, the truth of the statement, and in the margin of the book, he commented on it in the following language: "Wrong. I selected Kiaochow after I had had Samsa Bay and Wei-hai-wei reconnoitered. Both were reported to me as wholly unsuitable. I thereupon took Baron von Richthofen's book and a map of China, and after reading his chapter on Shantung, I decided for the port of Kiaochow, as Baron von Richthofen's opinion of the Hinterland was remarkably favourable. Bishop Anzer had nothing to do with the decision."—*The Spectator*, December 14, 1907, p. 969.

ately her desired opportunity to translate her dream into reality. She came to an understanding with Russia first, to whom, according to the notorious Cassini Convention, Kiaochow Bay was to be leased. On the 10th of November, 1897, while the negotiation for the settlement of the incident was still pending, the German cruiser division in the Far Eastern waters, commanded by Admiral Diederichs, later of Manila fame in his tilt with Admiral Dewey of the United States during the Spanish-American war, arrived at the entrance of Kiaochow Bay, and on November 14,* he took possession of the Bay and its surrounding territories in the name of the German Emperor. The details of the seizure were given in *The North China Daily News*, November 29, 1897, as follows:

“On Sunday, the 14th instant, at 8 a. m., a landing party was sent ashore to take possession of the heights surrounding the bay. At the same time the order was given to the *Cormorant*'s landing party, she being farthest inside the bay and commanding the passes to the interior, to take the powder magazine. Towards 9 o'clock these points having been secured, the Flag-Lieutenant was sent to the Chinese General with an ultimatum that within three hours he must clear out of the camp. The two ships *Kaiser and Prinzess Wilhelm* were so anchored outside of the port that they commanded the forts, the order having been given to fire on the same on a certain given signal. After delivery to him of the ultimatum the general withdrew, as resistance, especially as his ammunition had been seized, would have been futile. Towards 2 p. m., the German flag was hoisted on the east fort; the Admiral made a speech to the crews; they saluted and gave three cheers for the Kaiser.”

China's humiliation was complete. Thus, as the *North China Daily News* had put it, “a foreign power

* That is, thirteen days after the occurrence of the incident, and four days after it became known.

with three ships and 600 men finds no difficulty in effecting a descent on a country of three hundred millions and establishes herself without opposition within three hundred and fifty miles of the capital."

With the German forces in actual occupation of the territory, the German Minister then proceeded to negotiate with the Chinese Government on the missionary case. He submitted six demands, "which he insisted should be complied with on the part of China, but he would not say a word as to whether Germany would evacuate Kiaochow." These six demands included (1) the erection of a memorial tablet for the dead priests, (2) payment of an indemnity to their families, (3) dismissal of the Governor of Shantung from public service, (4) repayment of the expenses incurred in the occupation of the territory, (5) grant to Germany the sole right to construct railways and open coal mines in Shantung.

The Chinese Government was very much perturbed, but it managed to present a "bold diplomatic front." The first two demands were acceded to; the third was not accepted, but an imperial decree was issued which forbade Li Ping-heng, Governor of Shantung, to leave his post until the case was satisfactorily settled. The last three demands were entirely rejected.

On the other hand, the German Government was determined to acquire a foothold in China. Upon the refusal by the Chinese Government to accede to the six demands *in toto*, "at once, reinforcement of ships, men and field guns were sent out under the command of the Emperor's brother, Admiral Prince Heinrich of Prussia." At the farewell banquet at

Hamburg, December 18, 1897, the Kaiser struck the keynote of the German spirit, when he said: "May every one in those distant regions be aware that the German Michael has firmly planted his shield with the device of the German eagle upon the soil of China, in order once for all to give his protection to all who ask for it." In the very same spirit, he added: "Should anyone essay to detract from our just rights or to injure us, then up and at him with your mailed fist." It is thus evident that Germany was determined to acquire a naval station in China at all events.

It may be interesting to recall here that in the alleged Cassini Convention, divulged first in the *North-China Herald*, March 6, 1896, and later in the *London Times* in the fall of that year, Kiaochow Bay was mentioned as the first of three ports which China was to lease to Russia. Article IX of the alleged convention stipulated: "In order to give Russia an ice-free port, China leased Kiaochow to Russia for fifteen years, but occupation was to be deferred for the present." The German Government must have been well acquainted with the contents of the convention, the premature publication of which raised such a furore in the diplomatic world that everybody having a hand in the matter denied its existence altogether. With the authenticity of the alleged convention, be it in the form of a treaty or of a memorandum, we are here not at all concerned. The question of interest is: If Kiaochow Bay had been first promised to Russia, how did Germany succeed in forcing a lease of the bay from China without the slightest grumbling from the Russian Government?

Was Germany not afraid of getting into serious complications with Russia, whose good-will she most desired to cultivate as a valuable asset in playing her part in European politics? The picture of an imperialistic Germany, bent upon empire-building and territorial aggrandisement, with an aggressiveness calculated but enlightened, and with a diplomatic subtlety characterised as shrewdness by some and ridiculed by others as mere stupidity, is a picture that can be easily conjured up in the minds of those who have been acquainted with the political history of Germany. But it is difficult to imagine what she had actually done in order to lease from China the territory which Russia had already pre-empted, so to speak. The true story and the diplomatic background of the lease were known among a few statesmen of Germany and Russia and remained until but very recently a secret to the world at large. With the publication of the facts in the case by Dr. E. J. Dillon, who is supported by the veteran Russian statesman, Count Witte, in his memoirs, it has become known now that the Kaiser got the assent of the Czar first before he sent out his brother, Prince Henry of Prussia, on the voyage of conquest. The complete story is somewhat as follows:

During his first visit to St. Petersburg after Nicholas' accession to the throne, the Kaiser was driving home together with the Czar in an open carriage from a review at Peterhof. In the course of conversation between the two potentates, the Kaiser suddenly broke away from the ordinary topics and exclaimed: "I want you to do me a favour." He said to the Czar: "You are in the happy position of

being able to help your friends as well as to punish your enemies. As you know, I am badly in need of a port. My fleet has no place worthy of the name outside my Empire. And why should it be debarred? That may, perhaps, serve the purpose of our covert enemies, but not Russia's. And I know your friendly sentiment towards me and my dynasty. I want you now to say frankly, have you any objection to my leasing Kiaochow in China?" "What name did you say?" replied the Czar, whose knowledge of the Far Eastern geography was no better than that of a school boy. "Kiaochow," repeated the Kaiser. "No, none. I see no objection whatever," quickly answered the Czar. With this understanding, the royal pair drove back to the palace. "A few hours afterwards the Emperor (the Czar) met the Grand Duke Alexei Alexandrovitch, who knew a good deal about sea-ports and their value, and about naval matters generally. The Czar said, 'I feel put out with the Kaiser. To-day he had tricked me into consenting to let him have Kiaochow. Of course, it is not downright annexation that he aims at. He is only going to lease it. All the same, it is a nasty trick!' 'You have not given him your consent in writing?' 'No, no. Only in words. We were in the carriage driving.' 'But surely you can withdraw from that one-sided arrangement all the more that it would put us into a very embarrassing position.' 'No, no, I have given my word and I cannot back out. It is most vexing.'"

* Dr. E. J. Dillon, *The Eclipse of Russia*, pp. 247-249. It happened that Count Mouravieff was then the Minister of Foreign Affairs, who was characterised as "the most ignorant and least cultured of all Russia's Foreign Ministers in the course of the nineteenth century." "Mouravieff

Indeed, "it is most vexing." No sooner was the promise given than the untoward incident took place in China—the murder of two German missionaries, which furnished the Kaiser the desired opportunity to translate the word into action, and enabled him, by a startling process of political chemistry, to turn the blood of the two missionaries in China into a comfortable place under the sun. The lease of Kiaochow for ninety-nine years was demanded from the Tsung-li Yamen, as the Chinese Foreign Office was so called then. As the German soldiers were already in possession of the city and its surrounding territory, and as, with Germany, possession was nine points of law, there was but one choice that China could make: to fight for her territorial integrity or to bow to the demands. Not being in a position to defend herself, and with no assistance in sight from any of the foreign Powers, China yielded one point after another, and finally acceded to the German demands as gracefully as she could. "Considering," to use the language of the memorial of the Tsung-li Yamen to the Throne on the subject, "that there has never been any disagreement existing between China and Germany, and that the German Government came to the assistance of China in securing the evacuation of the Liao-tung Peninsula by the Japanese, for which she has never been recompensed; and further, as England, France, and Russia have taken maritime ports in the East, and as Germany has no port as a rendezvous for her vessels and for a coaling

probably had never before heard of Kiaochow and knew no reason which would militate against its being leased to Germany, and like other and more gifted ministers, he refrained from asking those who knew."

station, her position is not equal to the other great Powers." For this reason, Kiaochow was leased to Germany for ninety-nine years, with a special reservation on China's sovereignty over the territory, and a special stipulation that Germany was not to sublet the leased territory to any other Power. The Convention was signed on March 6, 1898. "Verily the blood of martyrs is the seed of wickedness!" "If one had to select the political crime of modern history which combined the maximum of viciousness with the minimum of excuse it would be this."

III

GERMANY IN SHANTUNG

THE convention between China and Germany, signed at Peking, March 6, 1898, provided for the lease for ninety-nine years of "both sides of entrance to the bay of Kiaochow" and "free passage of German troops in a zone of 50 kilometer (100 Chinese *li*) surrounding the Bay of Kiaochow at high water." It was stipulated that "all rights of sovereignty" within the said zone were reserved to China herself. "In order to avoid the possibility of conflicts, the Imperial Chinese Government will not exercise rights of administration in the leased territory during the term of the lease, but grants the exercise of the same to Germany."

The convention also provided for the opening of mines and construction of railways by Germany in the Shantung province. "The Chinese Government sanctions the construction by Germany of two lines of railway in Shantung. The first will run from Kiaochow to Tsinan and the boundary of Shantung province *via* Weihsien, Tsingchow, Poshan, Tzechwan and Tsowping. The second line will connect Kiaochow with I-chow, whence an extension will be constructed to Tsinan through Laiwu-hsien." In order to carry out these schemes, a Chino-German Railway Company was to be organised, with joint capital and under joint management. As to the

mines, it was provided that Chinese and German merchants could jointly operate them, within 30 *li* of the railway lines to be built. On March 31, 1900, an agreement was reached between China and Germany about the organisation of a Chino-German Railway Company for the construction of the above mentioned lines.*

An agreement concerning the establishment of a maritime customs office at Tsingtao was signed at Peking, April 17, 1899, by Baron Heyking on behalf of Germany, and Robert Hart on behalf of China. It was stipulated that the Commissioner or the Chief of the Maritime Customs Office at Tsingtao was to be of German nationality, to be appointed with the approval of the German Minister in Peking; that the members of the European staff of the office should, as a rule, be of German nationality, although other nationals might be employed to fill temporary vacancy; and that merchandise brought by sea to Tsingtao was free of duty, but the conventional five per cent. of duty would be levied on all merchandise or products passing the German frontier of Kiaochow into the interior of China. Among other things, the agreement also provided that the language of official correspondence should preferably be German; that the Inspector General of Maritime Customs would inform the Governor of Kiaochow about all changes in the staff of the Customs Office; and that the Office at Tsingtao should take charge of the collection of duties, taxes, or *likin* on all Chinese-built vessels (*junks*) coming to Tsingtao or to other places in the bay of Kiaochow and on all merchandise

* *Vide* Appendix B, and Chapter XIII.

brought in such vessels. As a result of this agreement, the Maritime Customs House at Tsingtao was opened on July 1, 1899.

The above agreement was, of course, provisional in character. On April 17, 1904, an additional agreement was entered into for the purpose of regulating steam navigation in inland waters. On December 1, 1905, an amendment to the agreement of 1899 was made. It provided that after the delimitation of the Tsingtao free area by Germany, the Chinese Maritime Customs Office established in the leased territory would levy all the duties payable on goods passing outside the free area, and the Chinese Government would hand over annually to the German officials at Tsingtao 20 per cent. of the net Import Duties collected, as shown by the statistics of Kiaochow Customs, as its contribution to the expenses of the territory.*

On November 28, 1905, China and Germany entered into another convention, whereby the latter undertook to withdraw her troops from Kiaochow and Kaomi. Article III reads: "From the date of the signing of this Convention, no matter whether the German troops at Kiaochow and Kaomi have completely withdrawn or not, the railways within the surrounding zone shall completely be under the supervision and protection of the Chinese local authorities and police officers."

For the purpose of defining the mining area of the Chino-German Company along the railway lines in Shantung province, a working arrangement was

* For the texts of these customs conventions, *vide* John V. A. MacMurray, *Treaties and Agreements with and concerning China, 1894-1919*, Vol I, pp. 189-203.

concluded on July 24, 1911, between the Shantung Mining Company and the authorities of the province. The Fangtze and Tzechwan mining areas and the mining district from Chinlingchen along the Kiaochow-Tsinan Railway in a northerly direction for a distance of 30 *li* to Changtien were reserved for the "exclusive exploitation" of the Company.

By an exchange of notes between the German Minister in Peking and the Chinese Minister of Foreign Affairs, December 31, 1913, an understanding was reached for the construction of two Government railways, one from Kaomi to Hanchuang, there connecting with the Tientsin-Pukow Railway, and the other from Tsinanfu to a place between Shuntehfu and Hsin-hsiang-hsien to link up with the Peking-Hankow Railway. The final agreement concerning these lines was said to have been reached on June 24, 1914. The outbreak of war in Europe in less than two months later made it impossible, of course, for Germany to make use of these concessions.

It is thus seen that, with Kiaochow as her *point d'appui*, Germany soon extended her influence and interest throughout the entire province of Shantung. In fact, Shantung as a German sphere of interest was recognised as early as April 20, 1898, when Great Britain, after her occupation of Wei-hai-wei, declared to Germany: "In establishing herself at Wei-hai-wei, she has no intention of injuring or contesting the rights and interests of Germany in the province of Shantung, or of creating difficulties for her in that province. It is especially understood that England will not construct any railroad communication from Wei-hai-wei and the district leased there-

with into the interior of the province of Shantung.” This declaration had but one practical effect—the recognition of Shantung as a German sphere of interest. This recognition was strengthened by the Anglo-German railway understanding of September 2, 1898, whereby the Yangtze Valley was recognised as British, and the Shantung province as German sphere of interest.

It may be recalled that, in the lease convention of March 6, 1898, there was one stipulation which, according to its language, seemed to reserve for Germany the exclusive right of developing the province. It reads:

“If within the province of Shantung any matters are undertaken for which foreign assistance, whether in personnel, or in capital, or in material, is invited, China agrees that the German merchants concerned shall first be asked whether they wish to undertake the works and provide the materials. In case the German merchants do not wish to undertake the said works and provide the materials, then as a matter of fairness China will be free to make such other arrangements as suits her convenience.”

This provision savoured too much of exclusive privilege for Germany. Upon inquiry by the United States as to the construction to be placed upon this stipulation, the German Foreign Office, under date of April 19, 1902, addressed to the American Embassy in Berlin a memorandum on the subject, in which it was said:

“The foregoing provisions do not grant any exclusive rights to Germany, they merely bind China to offer the works and schemes concerned to Germans, but leave to persons of other nationality absolute freedom to obtain the contracts for the furnishing of material by offering more favourable terms. The Imperial Gov-

ernment has as yet not learned of any instance where Americans or any persons of any other nationality have actually been placed at disadvantage through the application of these provisions."

To go back about two years, we have the actual promise by Germany of keeping the door open in Shantung. On January 24, 1900, Mr. Andrew D. White, American Ambassador at Berlin, presented to the German Government the famous Open Door circular. In its reply to this circular, February 19, it declared:

"The Imperial Government has, from the beginning, not only asserted, but also practically carried out to the fullest extent, in its Chinese possessions absolute equality of treatment of all nations with regard to trade, navigation, and commerce. The Imperial Government entertains no thought of departing in the future from this principle, which at once excludes any prejudicial or disadvantageous commercial treatment of the citizens of the United States of America, so long as it is not forced to do so, on account of considerations of reciprocity, by a divergence from it by other governments."

IV

THE FALL OF TSINGTAO

THE outbreak of war in Europe in August, 1914, had a significant bearing upon the political situation in the Far East, which was keenly appreciated by the statesmen at the helm of the Chinese ship of state and by those careful students of the aims and methods of Japanese foreign policy. To say the least, the war marked not only the beginning of the downfall of the German Empire in Europe, but also the end of the German régime in the Far East. And this end was greatly hastened by the participation by Japan in the conflict.

In order to understand the full significance of the German "devolution" in China, we must understand first of all the diplomatic background which lay behind it.

In the Far East, as in Europe, the political alignment of the different Powers was so complicated that anything that might happen to one was bound to react upon all. It is necessary to remember that China, ever since the Chino-Japanese war of 1894-5, has been the political nerve centre of the Far East, and anything that happens to tip the balance of power of Europe often reacts, directly or indirectly, upon the positions of the European Powers in China. This is largely because of the fact that Russia, Great Britain, Germany, and France have had in China

not only economic and commercial interests which may count for little or much according as what they are, but also territorial possessions which are invaluable pawns in international conflicts. This is also because of the fact that Japan, who has been bent upon territorial expansion on the Asiatic continent ever since her entrance into the comity of nations, has allied herself with Great Britain and has entered into a number of agreements with the United States and the European Powers on the Open Door policy in China. The intimate inter-relation of the Far East, Europe, and America results in the reaction of international politics of one continent upon another. As far as China is concerned, she has but to confess that her political impotence invites humiliation and her military weakness encourages foreign aggression. In the game of international politics she plays no part so far—except, perhaps, that of a victim.

The commencement of armed hostilities between Russia and Austria-Hungary in August, 1914, which finally involved all the great Powers in Europe and spread into all corners of the globe, was viewed with great apprehension by the Chinese Government. With the participation of Germany and Great Britain in the conflict, it ceased, it was soon realised, to be an exclusively European matter, and took on the colour of a world affair. The fact that Japan has had a defensive and offensive alliance with Great Britain, and the fact that the principal belligerents of the war have had territorial possessions in the Orient in general and in China in particular made it a certainty that the spark which caused the European conflagration was to be reflected in the Far East. China was

particularly apprehensive for the simple reason that her territory would be made the battleground on which the hostile groups were to measure their respective strength. This had happened during the Russo-Japanese war, which was fought largely in Manchuria where Russia had the leased territory from China, the Liaotung peninsula. The result was that China, as a benevolent neutral, was made to suffer the devastation of her territory and the destruction of the properties of her people. Now, should the European war in 1914 be brought to the Far East, as it was, China was certain that she would be again subject to the burdens and liabilities of an armed conflict and that the leased territories which have been held by the principal belligerent Powers would be made the scene of military operations. At the outbreak of the war, Great Britain had Hongkong, Kowloon, and Wei-hai-wei in China; France, Kwang-chow-wan; Japan, Ta-lien-wan and Port Arthur; and Germany, the Kiaochow Bay, not taking into account the number of settlements and concessions which the different Powers have had in a few of the treaty ports in China. The grouping of the European Powers at the time was such that one could easily see that it was not likely that Germany would dare to attack her enemy holdings in China. On the very contrary, the allied Powers, in view of their numerical strength and with the help of Japan, would be tempted to wrestle with the German stronghold in Shantung. This, as the later events have proved, turned out to be the case.

At the same time there were ample indications that Japan was prepared to take part in the conflict. A

few days after hostilities had commenced in Europe, Baron Kato, then Japanese Minister of Foreign Affairs, announced in the Diet that Japan was quite ready to assume her obligations under the Anglo-Japanese alliance. Of course, a strict interpretation of the published terms of the alliance would not warrant the belief that Japan would be called upon to participate in the war. As no one, however, knew exactly what the mutual obligations of Japan and Great Britain were under the alliance, except the British and Japanese Governments, it may be safely stated that Baron Kato's utterance in the Diet was ominous. It was quite sufficient to cause a flutter among the diplomatic circles in Peking and Tokio. Coupled with the understanding that Japan was just then eagerly looking for an opportunity to carry out her imperialistic designs in China and that the war in Europe would furnish the desired opportunity, the readiness the Japanese Government showed then for active participation in the struggle could not but be viewed with serious misgivings.

Apprehensive of the serious consequences of intervention by Japan, which would surely set in motion the sinister forces that have in the last twenty years or so been the determinative factors of Far Eastern politics, the Chinese Government made every possible effort to save China from being dragged into the whirlpool of European hostilities. The proper thing to do—indeed, the very first step which the Chinese Government took—was to declare her neutrality on August 6, 1914. It was very unfortunate, however, that China's neutrality could command no greater respect by the Powers than her territorial integrity

which they all engaged to maintain. China was a neutral country during the Russo-Japanese war; but her neutrality was violated, her territory was invaded, and South Manchuria was made the battleground by the two belligerents, in spite of the general rules of International Law and in spite of the specific provisions of the Hague Conventions of 1899, of which both Japan and Russia were the original signatory Powers. With this experience in mind, and remembering the direct consequences which its nationals had suffered in 1904-5, the Chinese Government was anxious to see that the belligerent Powers would undertake to respect China's neutrality in case the European war should be brought to the Far East. Japan and the United States (both Japan and the United States were then neutral countries and presumably free to respond) were approached by the Chinese Government with the request that they both would use their good offices to obtain the consent from all the belligerent Powers to respect and preserve the neutrality of China, particularly the neutrality of all Chinese territories leased to the foreign Powers. In the meantime, Germany made overtures as to a temporary restoration of the Kiaochow leased territory, but with conditions which were entirely unacceptable to the Chinese Government.*

* Apropos of Germany's proposal of restoring Kiaochow Bay to China, a Japanese writer has this to say: "The Japanese press is in all probability right when it says that Japan and England were obliged to act promptly in order to frustrate Germany's scheme to transfer Kiaochow to the Chinese Government before she was compelled to hand it over to Japan. Had Germany succeeded in carrying out this scheme she would still have enjoyed, in virtue of Article V of Kiaochow convention of 1898, the privilege of securing in some future time 'a more suitable territory' in China. This was exactly the condition which the allies did not want established in China."

It remains yet unknown just what effort the United States had made in response to the request of the Chinese Government, towards securing the consent of the belligerent Powers to respect China's neutrality. It has been a matter of common knowledge, however, that Japan was not in favour of the move, although she appeared at the time to be very anxious about the territorial integrity of her neighbour and willing to meet China's wishes.

All efforts proved to be in vain, and all hopes for the preservation of China's neutrality were banished when, on August 15, 1914, Japan delivered her ultimatum to Germany. The sequence of events which led to Japan's entrance in the war is like this. On August 3, the day before Great Britain declared war upon Germany, Sir Cunyngham Greene, then British Ambassador at Tokio, informed the Japanese Government that Great Britain was compelled to join hands with France and Belgium and desired to ascertain "whether Japan would aid England in the event of British interests in the Far East being jeopardised by German activities." On August 4, the British envoy was told by Baron Kato, the Japanese Foreign Minister, that "Japan would not evade the responsibilities which she had assumed in entering into alliance with England." On August 7, the British Ambassador again interviewed Baron Kato and told him that "the situation had developed in such a manner as would oblige Japan's immediate entrance upon the war." The result of this request was the despatch of the ultimatum to Germany on August 15, calling upon the latter to withdraw her men-of-war and armed vessels of all kinds from the Far Eastern

waters and "to deliver on a date not later than September 15 to the Imperial Japanese Government, without condition or compensation, the entire leased territory of Kiaochow, with a view to the eventual restoration of the same to China." The Japanese Government believed it to be "its duty to give the advice to the Imperial German Government to carry out" these propositions, for, "in the event of not receiving by noon on August 23, 1914, an answer from the Imperial German Government signifying its conditional acceptance of the above advice offered by the Imperial Japanese Government, Japan will be compelled to take such action as she may deem necessary to meet the situation." It was tacitly understood, or at least assumed, that Japan sent this ultimatum to Germany only in response to the request for help by Great Britain and after due consultation with her ally. As a matter of fact, Great Britain did not ask for anything more than Japan's assistance in protecting the British shipping in the Pacific.*

Japan's precipitate "advice" to Germany caused as much alarm in the United States as it did in China. Some step must be taken to counteract this evil effect. Thus, on the day her ultimatum was delivered to Germany, Count Okuma, then Premier of Japan, sent the following telegram to be distributed to the press in the United States: "Japan's proximity to China breeds many absurd rumours; but I declare that

* The following announcement of Japan's intentions and her naval activities was given to the Department of State by the British Government: "It is understood that the action of Japan will not extend to the Pacific beyond the China seas, except as may be necessary to protect Japanese shipping lines in the Pacific, nor in Asiatic waters westward of the China seas, nor in foreign territories except territory in German occupation on the Continent of Asia."

Japan acts with a clear conscience, in conformity with justice, and in perfect accord with her ally. Japan has no territorial ambition, and hopes to stand as the protector of peace in the Orient." Three days later, on August 18, the same venerable Japanese statesman gave this explicit assurance, which was evidently meant for American consumption. Addressing a gathering of Japanese business men at Tokio, he said: "Japan's warlike operations will not extend beyond the limits necessary for the attainment of the object of the defence of her own legitimate interests. The Imperial Government will take no such action as could give to a third party any cause for anxiety or uneasiness regarding the safety of their territories or possessions."

But this was not all. On August 24, Count Okuma cabled the following message to the American public through the New York *Independent*:

"I gladly seize the opportunity to send, through the medium of the *Independent*, a message to the people of the United States, who have always been helpful and loyal friends of Japan. It is my desire to convince your people of the sincerity of my Government and of my people in all their utterances and assurances connected with the present regrettable situation in Europe and the Far East. Every sense of loyalty and honour oblige Japan to co-operate with Great Britain to clear from these waters the enemies who in the past, the present and the future menace her interests, her trade, her shipping, and her people's lives. The Far Eastern situation is not of our seeking. It was ever my desire to maintain peace, as will be amply proved; as President of the Peace Society of Japan I have consistently so endeavoured. I have read with admiration the lofty message of President Wilson to his people on the subject of neutrality. We, of Japan, are appreciative of the spirit and motives that prompted the head of your great nation, and we feel confident that his message will meet with a national response.

“As Premier of Japan, I have stated and I now again state to the people of America and of the world that Japan has no ulterior motive, no desire to secure more territory, no thought of depriving China or other peoples of anything which they now possess. My Government and my people have given their word and their pledge, which will be as honourably kept as Japan always keeps promises.”

On the other hand, Germany refused to take the Japanese “advice.” The ultimatum was deliberately ignored, and it was permitted to expire without reply or comment from the Wilhelmstrasse. On August 23, the Imperial Rescript was issued by the Mikado declaring war upon Germany. As soon as the Japanese troops were ready to land, Japan informed the Chinese Government of her intention to cross the Chinese territory outside of the leased territory of Kiaochow in order to attack Tsingtao stronghold. Without waiting for the consent of the Chinese Government, Japanese troops landed at Lungkow, about 150 miles outside of the leased territory. Germany protested to China against this wanton violation of her neutrality by Japan, and in turn, China protested to Japan for landing the troops on Chinese territory. From the Japanese viewpoint, all these protests were not worth the paper they were written on. Japan, in spite of the solemn declaration in the Imperial Rescript that she was to attain her “national aim within the limit of the law of nations,” trampled every rule of International Law in regard to the neutral rights and disregarded all the conventional duties of a belligerent. Japanese troops began to land at all convenient points in Shantung, regardless of China’s territorial sovereignty, and not infrequently they made detours in order to occupy impor-

tant Chinese towns and cities. Wherever they passed, they left nothing but evidences of pillage and deprivation. They assumed control of the country, all the means of communication, posts, telephones, telegraphs, and railways; and what was still more serious, they subjected the native Chinese to many hardships, indignities, and in many cases, outrages. Anxious of the situation thus caused by Japan's military operations in Shantung, Great Britain despatched a small contingent of her forces in China to participate in the attack, with the apparent purpose of checking the wanton conduct of her ally. The Chinese Government was also anxious to limit Japan's operations to the smallest possible area, so that her people would not be subjected to the miseries of war. The result was the creation, on September 3, 1914, by the Chinese Government of a special war zone in which the belligerents could carry on their military operations.

It is important to remember that this special war zone was *sui generis*, based though it was on a similar situation in the Russo-Japanese war. Viewed from the standpoint of strict neutrality, the creation of the zone was admittedly an anomaly. But between the complete desolation of the Shantung province by suffering Japanese troops to continue their ravaging and deviating from strict observance of Chinese neutrality, that is, between two evils, China decided to choose the lesser. Under the existing circumstances then, China was helpless either to avert the calamity by enforcing her neutrality or to resist Japanese encroachment. Failing both, the next best thing to do was to set a territorial limit within which

the Anglo-Japanese forces could carry on their belligerent operations against the Germans in Tsingtao. There was nothing done by the British forces which could be pointed out as violation of China's neutrality or as evidence of bad conduct. In fact, the small contingent of the British force was landed, September 23, 1914, at Lao-shan-wan, inside the German leased territory,—a fact which the London *Times* observed as “avoiding the breach of neutrality alleged by the Chinese against the Japanese.” While on the other hand, “the Japanese took round-about routes, violating China's neutrality, without having a real military necessity to do so.”

This special war zone was, of course, created with the fervent hope that Japan would confine her forces and attacks therein. During the Russo-Japanese war, it will be recalled, a similar war zone was created so as to limit the belligerent operation to the part of South Manchuria lying east of the Liao River. The good offices of the United States were called upon to secure the assent of Russia and Japan, and the recognition of the other Powers, of the war zone in South Manchuria; and, on the whole, the delimitation was well respected by the belligerents throughout the war. Now, with respect to the Tsingtao expedition, Japan first evaded, and then rejected, the proposal of the Chinese Government to establish a definite and restricted military area in the Shantung province. When the Japanese Government was formally notified of the creation of the war zone, it took no more notice of it than the vain protests which the Chinese Government had made in regard to the conduct of the Japanese troops. Under the pretext

of "military necessity," they invaded practically the entire province. In the middle of September, they arrived at Tsimo; about September 20, they occupied Wei-hsien and took possession of the railway; on September 27, China protested against this violation of her territorial sovereignty and demanded "the withdrawal of the troops and the restoration of the railway stations." On September 28, the Japanese Minister in Peking informed the Chinese Government that the Japanese forces would soon take possession of the Shantung (the Kiaochow-Tsinan) Railway. Two days later, the Chinese Government formally protested against this threat.* The threat was soon carried out, for Japanese forces seized, in spite of the most vigorous protest from China, the Shantung Railway, running from Tsingtao to Tsinanfu of 265 miles. Japanese headquarters were established in all the important towns and cities along the railway, and the number of mines which were being worked by Chinese and German concerns were taken over by Japanese authorities. A little later, when the war was won and when the Germans were entirely driven out, Japan went even so far as to establish civil administration, not only at Tsingtao, the captured stronghold, but also at Tsinanfu, the capital of Shantung, and at many other cities where the Japanese troops had no right to be. Japan's entire conduct in Shantung was, therefore, one of deliberate violation of China's neutrality, aggravated by a sinister disregard of her territorial sovereignty.

We notice that Japan declared war upon Germany on August 23, 1914; and on September 2, Japanese

* For diplomatic correspondence on the subject, *vide* Appendix F.

forces began to arrive at the scene of military operation. On September 12, the first engagement took place at Tsimo, about ninety miles from Lungkow, where Japanese forces landed. On September 18, another engagement took place at Laoshan Bay. Five days later, the British expeditionary forces were landed at Laoshan Bay to assist in the bombardment of the city of Tsingtao, under the command of Major-General Barnardiston. As the fortress was garrisoned by only a few thousand German and Austrian regulars and reservists hastily assembled, entirely cut off from outside help, its resistance against the combined force of Japan and Great Britain was hopeless. On November 7, the city capitulated. The Anglo-Japanese forces made their triumphant march on November 16, while the German and Austrian prisoners of war were taken to Japan. The war in the Far East, which was precipitated by Japan's friendly "advice" to Germany on August 15, was thus brought to a successful end—successful, in the sense that the war was won by Japan, even at the sacrifice of the established rules of International Law, the neutrality and the territorial sovereignty of China. To-day Tsingtao has become to all intents and purposes a Japanese city. The Diederich Stein, which was meant to be the monument of the German Empire in the Far East, still remains, but over the original German inscription there has been covered in Japanese the date and the circumstance of the Japanese occupation of the spot. The Kaiser Wilhelm Strasse and the other "strasses" have been converted into "mechis" and "doris."

It remains now to refer to two points in order to make the story of the fall of Tsingtao complete. The first is the total list of Japanese casualties in the Tsingtao expedition. In the land operations Japan had a total of 12 officers killed and 40 wounded, and 324 rank and file killed, and 1,148 wounded. In the naval operations one small cruiser was sunk by a mine, and 280 of the crew perished. In addition to this loss, the Japanese navy had 40 men killed and wounded. The second is the abolition of the special war zone, on January 5, 1915, which was seized upon by the Japanese Government as immediate excuse for the presentation to China of the Twenty-one Demands.

V

JAPAN AND THE TSINGTAO CUSTOMS OFFICE

THE most difficult question for adjustment following the military occupation of the Kiaochow leased territory by the Japanese forces was the administration of the Chinese Maritime Customs Office at Tsingtao. It may be recalled that, upon the capture of the German leased territory, Japan seized the Chinese Customs Office and placed it under the Japanese military administration. On December 24, 1914, provisional regulations for the Tsingtao Customs were issued. While an effort was made to follow the precedents hitherto adopted by the Germans, the regulations specifically stated that "exemption from duty and other privileges and facilities as enjoyed hitherto by Germany and German subjects shall be taken over by Japan and Japanese subjects," and that "all customs procedures concerning ships' cargoes and other communications to the customs shall be written in Japanese." It should be carefully borne in mind that the administration of the Custom House at Tsingtao, or at any other treaty port, was a political right which the Chinese Government could ill afford to share with any foreign government. The taking over of the Tsingtao Customs administration during the war was a military measure, and as such, it was contrary to the wishes of the Chinese Government and beyond its

control. It was, however, perfectly natural that, upon the cessation of hostilities, the Chinese Government should demand the return of the normal condition and that the Customs should be administered by the Chinese Government as it had been ever before. It was in connection with the reopening of the Chinese Maritime Customs Office that Japan betrayed her secret ambitions in Shantung. We need only refer to an excellent account on the subject in the *Far Eastern Review* of February, 1915, to know the necessary details:

“The administration of Tsingtao had been taken over solely by the Japanese military authorities, either by arrangement with the British or otherwise. Nothing of real importance occurred until the question of reopening the Maritime Customs Office at the port arose. It is true that British merchants who had carried on business at Tsingtao were held up at Tsinanfu and refused permission to return to the port, and it is also true that a Japanese line of steamers was granted permission to run to Tsingtao while this privilege was forbidden to the steamers of other nationals. At the moment of writing, however, British vessels have been allowed to enter Kiaochow Bay. But these things were not regarded as being of very great importance, and it was thought that matters would soon adjust themselves. The Customs incident, however, betrayed the course of action that Japan proposed to adopt. It has to be remembered that by virtue of an agreement concerning the establishment of a Maritime Customs Office at Tsingtao, concluded between the German Minister at Peking and the late Sir Robert Hart, then Inspector-General of Customs, Germany obtained certain privileges in regard to the personnel of the Tsingtao Customs staff. The first three clauses of the agreement were as follows:

1. The Commissioner or the Chief of the Maritime Customs Office at Tsingtao is to be of German nationality. The Inspector-General of Customs will come to an understanding with the German Legation at Peking in case of appointing a new Commissioner.

2. The members of the European staff of the Maritime

Customs Office, at Tsingtao shall, as a rule, be of German nationality; in case, however, of a suddenly occurring vacancy or of temporary requirements of the service, members of other nationalities may be provisionally sent to Tsingtao.

3. The Inspector-General of Maritime Customs will inform the Governor of Kiaochow beforehand about all changes in the staff of the Customs Office at Tsingtao; this, however, does not apply to the employés of the Chinese staff.

“China, having accepted Japan’s promise of her intention to hand back Kiaochow at its face value, considered that the situation in regard to the Customs would be met were she to appoint a British Commissioner in the usual way—namely, upon the nomination of Mr. Aglen, the Inspector General of Customs—and she proposed the British Commissioner at Mukden. Japan at once entered an objection. China then nominated the Japanese Commissioner at Soochow for the post, with a Briton as Deputy Commissioner, but again Japan objected. She also objected when it was proposed to eliminate the proposed British Deputy Commissioner but to have the staff composed half of Britons and half of Japanese. Then China appointed as Commissioner at Tsingtao Mr. Tachibana, who was the Commissioner of Customs at Dairen, but again Japan objected, and reiterated a previous declaration that the only satisfactory solution was for *Japan* to appoint a Commissioner and staff from her own people, presumably the Imperial Japanese Customs Department. This remarkable suggestion would, if acted upon, have involved the injection into China’s Customs service of foreign officials who in many cases would have taken precedence for promotion over men who had served China long and faithfully. Obviously China could never consent to such an impairment of her sovereign rights, and, moreover, even were she inclined to do so she would have engaged herself in serious trouble with the Treaty Powers. It has to be remembered that in the Peace Protocol signed after the Boxer outbreak the Customs revenue was assigned to the service of the Indemnity. Kiaochow, even when in German occupation, never ceased to be Chinese territory, and the Customs revenue from there went into the Chinese Treasury just as did the Customs revenue from Amoy or any other Treaty port. It was, therefore, impossible to accede to the Japanese demand. Sincerely desirous of effecting a compromise that would meet Japan more than half way, China proposed that Mr. Tachibana be accepted by Japan as Commis-

sioner, and that eight members of the Imperial Japanese Customs Department should be permitted to join the Chinese Customs Service in the lowest grade.

“It is difficult to conceive in what way China could have done more to meet the views of Japan, but, although no official announcement has been made, it is understood that officials of the Imperial Japanese Customs Department are now in charge of the Customs Office at Tsingtao. In this manner did Japan signalise her respect for the rights of China and the Treaty Powers.”

That the whole affair was outrageous is to say the least. China could not accept the Japanese “solution,” nor could she afford to permit Japan to appoint Japanese officers to make up the personnel of the office. For several months, negotiations proceeded, to determine the right of administration of the Tsingtao Customs, which, as a matter of fact, has always been a distinctly Chinese institution. Finally, on August 6, 1915, an agreement was entered into between Mr. Hioki, Japanese Minister in Peking, and Mr. F. A. Aglen, Inspector General of the Chinese Customs, for the reopening of the Chinese Maritime Customs at Tsingtao. It was stated that the Inspector General also came to an understanding with the Japanese Minister at the same time with regard to increased Japanese representation in the Chinese Customs Service, which “satisfied Japan without affecting the organisation of the service.” The agreement reached on August 6, reads as follows:

Official English Text of the Agreement about the reopening of the Chinese Maritime Customs at Tsingtao, and its functioning in the Territory leased to Germany and now in consequence of the German-Japanese war under the military government of Japan, August 6, 1915.

1. It is hereby agreed that the Office of the Chinese Maritime Customs shall be reopened at Tsingtao.

2. The agreement about the establishment of a Maritime Customs Office at Tsingtao signed at Peking on the 17th of April, 1899, by the German and Chinese representatives for their respective Governments and the Amendment to the same signed similarly at Peking by the German and Chinese representatives on the first, December, 1905, with replacement of the term "German" by "Japanese" wherever the principle of this Agreement demands such change, shall be held operative between the Governments of China and Japan in regard to the reopening of the Chinese Maritime Customs Office at Tsingtao and in regard to its regulations and procedure.

3. The Chinese Maritime Customs archives, Service moneys and all Service property formerly under the control of the Inspector General of Customs, which were taken custody of by the Japanese Military Authorities at the time of occupation, shall be returned to the Inspector General.

4. After deducing 20 per cent. of the net Import duties as provided for in the German Amended Agreement of 1905, the Japanese Government shall hand to the Inspector General the balance of the Customs revenues collected at Tsingtao by the Japanese Authorities to date of reopening the Maritime Customs Office.

(Signed) E. HIOKI,
Minister of Japan.

(Signed) F. A. AGLEN,
Inspector General of Customs.

This agreement ceases to be effective when the Shantung Treaty concluded at Washington comes into force. It is understood that the Custom House of Tsingtao will then be made "an integral part" of the Chinese Maritime Customs Administration. On the other hand, China undertakes "to permit Japanese traders in the former German leased territory of Kiaochow to communicate in the Japanese language with the Custom House of Tsingtao," and "to give consideration, within the limits of the established

service regulations of the Chinese Maritime Customs, to the diverse needs of the trade of Tsingtao, in the selection of a suitable staff for the said Custom House." In other words, the use of Japanese language in communications will be permitted, and as many Japanese as permissible will be employed in the service of the Tsingtao Custom House.

VI

SHANTUNG AND THE TWENTY-ONE DEMANDS

WITH her forces in actual occupation of the territory and in control of the railways and mines in the Shantung province, Japan now proceeded to confirm by treaty what she had secured by force. Frankly, Japan was very much afraid that she would not be awarded at the conclusion of peace the fruits of war, which she deemed to be her due share. Without waiting, therefore, for the post-bellum conference, where all questions arising out of the war were to be discussed and disposed of, Japan stole a march on her allies by forcing a "settlement" with China on the Shantung question. It should be recalled that, in her ultimatum to Germany, Japan called upon the latter Power "to deliver on a date not later than September 15, to the Imperial Japanese authorities, without condition or compensation, the entire leased territory of Kiaochow, with a view to the eventual restoration of the same to China." Early in December, 1914, Baron Kato, Japanese Foreign Minister, in answer to an interpellation in the Diet as to Japan's pledge to restore Kiaochow to China, made an apparent effort to get out of the promise. He was reported to have said: "The purpose of the ultimatum to Germany was to take Kiaochow from Germany and so to restore peace in the Orient. Restitution after a cam-

paign was not thought of and was not referred to in the ultimatum." By this plain statement, very few persons in the Far East were at all surprised, for, from the moment that Japan participated in the war, it was the general belief that she meant to seize Kiaochow, as she had seized Port Arthur and Ta-lien-wan during the Russo-Japanese war, not to return it to China, but to keep it herself. The precipitating manner in which she had plunged herself into the European struggle revealed at once the real purpose of her action and the emptiness of her profession that her desire was to preserve peace in the Far East. While this was but a general belief, it was soon confirmed when Japan presented the Twenty-one Demands on China, seeking, first of all, to extract an agreement from the Chinese Government that the Shantung question was as good as settled.

On January 18, at 3 p. m., Japan presented her famous Twenty-one Demands. They were divided into five groups. The first and easily the most important group comprised the demands on Shantung. The Chinese Government was called upon to give "full assent" to whatever arrangement that Japan might come to with Germany in regard to German rights, privileges and concessions in Shantung, to engage not to lease or cede to a *third* Power any territory within the province of Shantung or any island along its coast, to consent to "Japan's building a railway from Chefoo or Lungkow to join the Kiaochow-Tsinanfu Railway," and, lastly, to open "important cities and towns in the province of Shantung as commercial ports." The real significance of these demands lay in the fact that Japan was anxious to

secure China's assent to the transfer of German rights and concessions in Shantung. It is quite easy to see that, with China's assent obtained, Japan would be in a position to confront as a *fait accompli* the other allied Powers who might not see fit to transfer German interests in Shantung to Japan.

Into the details of the Twenty-one Demands, it is unnecessary for us to inquire.* We need refer very briefly to the Chino-Japanese negotiation on the Shantung demands in order to show how the question had been viewed by the Chinese Government.

At the first conference held on February 2, 1915, the Chinese Minister of Foreign Affairs pointed out that, inasmuch as the Shantung demand related to the post-bellum settlement, it should be left over for consideration by all the other Powers interested at the Peace Conference. The Japanese Minister refused to accept this view. Anxious to meet the Japanese demand more than half way, the Chinese Government agreed in principle to the transfer of the German rights and interests in Shantung to Japan. At the second conference held on February 22, the Chinese Government agreed to the demand not to cede or lease to any Power any territory in Shantung or on its coast. At the fifth conference held on February 28, the Chinese Government agreed to give Japan the preference, provided Germany abandoned the privilege, to finance the railway from Chefoo or Lungkow to connect with the Kiaochow-Tsinanfu Railway, if China should decide to build the said line with foreign capital. And at the sixth conference

* Cf. author's *The Twenty-one Demands* and the companion volume, *The Chino-Japanese Treaties of May 25, 1915*.

held on March 3, China agreed to open certain important cities in Shantung as commercial ports.

It is evident that China practically acceded to all the Japanese demands on Shantung. In acceding to them, the Chinese Government made certain counter proposals, one of which was couched in these terms:

“The Japanese Government declares that when the Chinese Government gives its assent to the disposition of the rights above referred to, Japan will restore the Leased Territory of Kiaochow to China, and further recognises the right of the Chinese Government to participate in the negotiations referred to between Japan and Germany.”

In the official statement by the Chinese Government regarding the Chino-Japanese negotiations, it was pointed out that the above counter proposal “was clearly not a demand on Japan, but only a reiteration of Japan’s voluntary statement in her ultimatum to Germany on August 15, 1914, and repeated in public statements by the Japanese Premier.” The Chinese Government, it was pointed out, left the entire question of the conditions of restoration to be determined by Japan. As to the suggestion of the participation by the Chinese Government in the negotiations between Japan and Germany relating to the disposition of German interests in Shantung, it was made “in view of the fact that Shantung, the object of future negotiation between Japan and Germany, is a Chinese province, and therefore China is the Power most concerned in the future of that territory.”

Two other counter proposals were made by the Chinese Government. The first suggested “the

assumption by Japan of responsibility for indemnification of the losses arising out of the military operations against Germany at Kiaochow. The other counter proposal was "that, prior to the restoration of the Kiaochow territory to China, the Maritime Customs, the telegraphs and post offices should be continued to be administered as heretofore; that the military railway, the telegraph lines, etc., which were installed by Japan to facilitate her military operations, should be removed forthwith; that the Japanese troops now stationed outside of the leased territory should be first withdrawn, and those within the territory should be recalled at the time when Kiaochow is returned to China. Shantung being a Chinese province, it was natural for China to be anxious concerning the restoration of the *statu quo ante bellum*."

All these counter proposals were, at the request of the Japanese Minister, postponed for later consideration.

Negotiations proceeded very smoothly until April 17, when the Japanese Minister suspended them. On April 26, the Chinese Government was given a list of Twenty-four Demands, and was requested to accept them "without delay." At the same time, as an encouragement to the Chinese Government to accept these revised demands, "the Japanese Minister stated that the Japanese Government would restore the leased territory of Kiaochow to China at an opportune time in the future and under proper conditions." On May 1, the Chinese Government replied, refusing to accede to the revised demands. The Japanese Government thereupon expressed itself "as being

dissatisfied with China's reply, and withdrew the conditional offer to restore Kiaochow to China made on April 26." On May 7, Japan served her famous ultimatum on China, forcing the latter to accept the revised list of demands within forty-eight hours. The ultimatum was complied with the following day.

According to the agreements reached on May 25, 1915, as the result of the Twenty-one Demands, China acceded to all the demands of the Shantung group. On the other hand, Japan undertook to restore the Kiaochow leased territory to China on the condition (1) that the whole of Kiaochow Bay was to be opened as a commercial port, (2) that a concession under the exclusive jurisdiction of Japan was to be established at a place designated by the Japanese Government, (3) that an international concession might be established if the foreign Powers should so desire it, and (4) that the Japanese and Chinese Governments should by mutual agreement arrange the disposition of German public properties in Shantung.

Mr. Robert Lansing, former Secretary of State of the United States, made this observation: "The important point to be noted in this (Shantung) demand is that Japan did not consider that the occupation of Kiaochow and the seizure of the German concessions transferred title to her, but looked forward to a future transfer by treaty." In other words, Japan was anxious, as has been pointed out at the beginning of the chapter, to confirm by treaty, or by a semblance of treaty, what she had taken possession of by force.

VII

ALLIED SECRET AGREEMENTS ON SHANTUNG

ONE typical instance of secret diplomacy, which shows it in its most lurid light, is the secret arrangement made between Japan on the one side and Great Britain, Italy, Russia and France on the other, in regard to the disposition of the German possessions in the Pacific and the German interests in the Shantung province. In the month of February and of March, 1917, Japan entered into separate agreement with each of the Powers mentioned above, seeking, in every case, that Japan's claims to German interests in Shantung and possessions in the Pacific north of the Equator should be recognised at the Peace Conference. It should be noted that these agreements were reached between the contracting Powers without the knowledge either of China or of the United States, who did not know of their existence until they were given out at the Paris Peace Conference. At the meeting of the Council of Ten, January 27, 1919, Baron Makino, in answer to the proposal that Shantung should be given back to China, intimated that this could not be done because of previous arrangements. When President Wilson, who was equally uninformed of the secret understandings, asked that their texts should be provided for the information of the Conference, Baron Makino agreed, and then in the next moment, hesi-

tated, by saying that he could not make them known without permission from Tokio. The texts were, however, given out later, from which we can easily notice the fact that they were concluded, one and all, at the instance of the Japanese Government. As early as in January, 1917, informal conversations were begun between the Japanese Minister of Foreign Affairs and the British Ambassador at Tokio, for the purpose of reaching a definite understanding as to Japan's succession to the German interests in Shantung and to the German possessions in the Pacific north of the Equator. In the German possessions in the Pacific, China was not directly interested. But the disposition of the German rights and concessions in Shantung was a matter of vital concern to China. It is outrageous, to say the least, that any arrangement for the disposition of the German interests in Shantung should be made behind the back of China, who was not an enemy belligerent, but was about to join the rank of the Allied and Associated Powers.

Japan's motive in concluding these arrangements is easily understandable. No one knew it better than Japan herself that the rights and interests which she had acquired in Shantung were not final, and that they would have to be definitely disposed of at the Peace Conference. Japan was equally aware of the fact that the arrangement exacted from the Chinese Government as a result of the Twenty-one Demands could have no legal validity and no international recognition. With the possibility of China participating in the war at an early moment, it was but natural that she became anxious to confirm by agree-

ment what she had acquired by force. The following is the text of the note which Sir Conyngham Greene, British Ambassador at Tokio, had addressed to the Japanese Minister of Foreign Affairs:

THE BRITISH EMBASSY TO THE JAPANESE MINISTRY
OF FOREIGN AFFAIRS

February 16, 1917

Monsieur le Ministre:

With reference to the subject of our conversation of the 27th ultimo when Your Excellency informed me of the desire of the Imperial Government to receive an assurance that, on the occasion of a Peace Conference, His Britannic Majesty's Government will support the claims of Japan in regard to the disposal of Germany's rights in Shantung and possessions in the Islands North of the Equator, I have the honor, under instructions received from His Britannic Majesty's Principal Secretary of State for Foreign Affairs, to communicate to Your Excellency the following message from His Britannic Majesty's Government:

His Majesty's Government accedes with pleasure to the request of the Japanese Government for an assurance that they will support Japan's claims in regard to the disposal of Germany's rights in Shantung and possessions in Islands North of Equator on the occasion of Peace Conference, it being understood that the Japanese Government will, in eventual peace settlement, treat in the same spirit Great Britain's claims to German Islands South of Equator.

I avail myself of this opportunity, Monsieur le Ministre, to renew to Your Excellency the assurance of my highest consideration.

(Signed) CONYNGHAM GREENE,
H. B. M. Ambassador,
Tokyo.

His Excellency
VISCOUNT ICHIRO MOTONO,
H. I. J. M. Minister for Foreign Affairs,
etc., etc., etc.

It should be noted that "conversation" on the subject began as early as January 27, 1917, between

Viscount Montono and Sir Conyngham Greene. The British Government acceded "with pleasure" to the request of the Japanese Government that Japan's claims in regard to the disposal of the German interests in Shantung and the German island possessions in the Pacific north of the Equator would be supported by Great Britain on the occasion of the Peace Conference. It should also be noted that, in return, the Japanese Government was to "treat in the same spirit Great Britain's claims to German islands south of Equator." In other words, it was nothing short of a mutual agreement that Japan and Great Britain should at the Peace Conference support each other's claims.

Five days elapsed before the Japanese Government replied to the British Ambassador, expressing itself as "deeply appreciative of the friendly spirit" in which the British Government had given its assurance. The note of the Japanese Government of February 21, reads:

THE JAPANESE MINISTRY OF FOREIGN AFFAIRS
TO THE BRITISH EMBASSY

February 21, 1917

(Translation)

Monsieur l'Ambassadeur:

I have the honor to acknowledge the receipt of Your Excellency's Note of the 16th instant, giving assurance that His Britannic Majesty's Government will support the claims to be advanced by the Imperial Government in regard to the disposal of Germany's rights in Shantung and possessions in Islands North of Equator on the occasion of a Peace Conference.

The Japanese Government is deeply appreciative of the friendly spirit in which your Government has given the assurance, and is happy to note it as a fresh proof of the close ties that unite the two allied Powers. I take pleasure in stating that

the Japanese Government, on its part, is fully prepared to support in the same spirit the claims which may be put forward at the Peace Conference by His Britannic Majesty's Government in regard to German possessions in Islands South of Equator.

I avail myself of this opportunity, Monsieur l'Ambassadeur, to renew to Your Excellency the assurance of my highest consideration.

(Signed) ICHIRO MOTONO,
etc., etc., etc.

His Excellency

SIR CONYNGHAM GREENE,
etc., etc., etc.

Great Britain was not the only Power that Japan had approached for a previous understanding. Three days after the receipt of the British assurance, the Japanese Government declared to the Russian and French embassies in Tokio that Japan intended "to demand from the German Government at the time of peace negotiations the surrender of the territorial rights and special interests Germany possessed before the war in Shantung and in the islands belonging to her, situated to the north of the Equator, in the Pacific Ocean." "In view of the legitimacy of these claims," Japan counted upon Russia and France for "full support." The following is the identical note which was addressed to the Governments of Russia and France, under the date of February 19, 1917:

THE JAPANESE MINISTRY OF FOREIGN AFFAIRS TO THE
RUSSIAN AND FRENCH EMBASSIES

February 19th, 1917

(Translation)

The Imperial Government has not yet formally entered into conversations with the Entente Powers concerning the conditions of peace it proposes to present to Germany, being guided by the thought that such questions ought to be decided in concert

between Japan and the said Powers at the moment when the peace negotiations start.

Nevertheless, in view of recent development in the general situation, and in view of the particular arrangements concerning peace conditions, such as arrangements relative to the disposition of the Bosphorous, Constantinople and the Dardanelles, having already been entered into by the Powers interested, the Imperial Government believes that the moment has come for it also to express its desiderata relative to certain conditions of peace essential to Japan and to submit them for the consideration of the Government of Russia (of the French Republic).

The Government of Russia (of the Republic) is fully aware of all the efforts the Imperial Government has made in a general manner to accomplish its task in the present war, and particularly with a view of guaranteeing for the future the peace of Oriental Asia and of the security of the Japanese Empire, for both of which it is absolutely necessary to deprive Germany of its bases of political, military and economic activity in the Far East.

Under these conditions the Imperial Government intends to demand from the German Government at the time of peace negotiations the surrender of the territorial rights and special interests Germany possessed before the war in Shantung and in the Islands belonging to her, situated to the North of the Equator in the Pacific Ocean.

The Imperial Government ventures to hope that the Government of Russia (of the French Republic), in view of the legitimacy of these claims, will give the assurance that, whenever the case arises, the Imperial Government may count upon its full support on this question.

It goes without saying that reparations for damages caused to the lives and property of the Japanese people by the unjustifiable attacks of the enemy, as well as other conditions of peace of a character common to all the Entente Powers, are entirely outside the consideration of the present question.

It is interesting to note that, in its reply of March 1, the French Government, while accepting the claims of the Japanese Government, requested that the latter should use its influence "to obtain from China the rupture of her diplomatic relations with Ger-

many" and "to push this act to a desirable extent." The "desirable extent" meant China's participation in the war. The following communication is interesting for many reasons:

THE FRENCH EMBASSY TO THE JAPANESE MINISTRY
OF FOREIGN AFFAIRS

March 1st, 1917

(Translation)

The Government of the Republic is disposed to give the Japanese Government its assistance in regulating, at the time of the peace negotiations, questions essential to Japan concerning Shantung and the German Islands in the Pacific situated in the North of the Equator. It also agrees to support the demands of the Imperial Government for the surrender of the rights of Germany possessed before the war in this Chinese province and the Islands.

M. Briand requests, on the other hand, that the Japanese Government give its support to obtain from China the rupture of her diplomatic relations with Germany, and that she push this act to a desirable extent. The consequences of this, according to him, would be:—

1. The handing over of passports to the German diplomatic and consular agents.

2. The obligation of all German nationals to leave Chinese territory.

3. The internment of German ships having sought refuge in Chinese ports and the ultimate requisition of these ships in order to place them at the disposition of the Allies following the example of Italy and Portugal. From the advices which reached the French Government, there are fifteen German ships in Chinese ports totaling about 40,000 tons.

4. The sequestration of German commercial houses established in China.

5. The forfeiture of the rights of Germany in the concessions she possessed in certain ports.

All the political consequences of China's severance of diplomatic relations with Germany, and all the benefits that could be derived from the step, were

clearly anticipated by the French Government. It is almost revolting to think, however, that, while anxious to have China sever her diplomatic relations with Germany and push this act "to a desirable extent," the French Government saw fit to hand Shantung to Japan.

To the French overture, the Japanese Government returned the following innocuous reply, which, while nailing down the undertaking by the French Government in regard to the disposition of the German interests in Shantung and in the Pacific, did not promise anything that had not been promised before:

THE JAPANESE MINISTRY OF FOREIGN AFFAIRS
TO THE FRENCH EMBASSY

March 6th, 1917

(Translation)

The Ministry of Foreign Affairs has the honor to acknowledge the receipt of the note of the French Embassy, under the date of March 1st, 1917, informing that the French Government is disposed to give the Imperial Government its assistance in regulating, at the time of the peace negotiations, questions essential to Japan concerning Shantung, and the German Islands in the Pacific, situated to the North of the Equator, and that it agrees to support the demands of the Imperial government for the surrender of the rights Germany possessed before the war in Shantung and in the aforesaid Islands.

The Imperial Government takes note of this communication with profound gratitude for the friendly sentiment which inspired the French Government in giving its full assent to the desiderata of the Imperial Government.

The aforesaid Note equally set forth the desire of His Excellency, M. Briand, of ensuring the support of the Imperial Government with a view to obtaining from China the rupture of her diplomatic relations with Germany, to its full, desirable extent. Concerning the question, the Imperial Government, as the French Government was constantly kept informed if it did not fail to make all efforts from the beginning, consequently,

the Imperial Government has hereby only to confirm its intention of giving its entire support to the desire expressed by M. Briand, in accord with a view to bringing about the consequences enumerated in the above-mentioned Note.

Japan's diplomacy has been noted for its thoroughness, which has found a new proof in the fact that, aside from France and Great Britain, Japan had also approached Russia and Italy for a similar assurance. In the following, we reproduce the notes exchanged between the Japanese Government, and the Italian and Russian Governments, in order to show the complete chain of diplomacy which bound the allied and associated Powers at the Peace Conference :

THE RUSSIAN EMBASSY TO THE JAPANESE MINISTRY OF
FOREIGN AFFAIRS

February 20th, March 5th, 1917

(Translation)

In reply to the Note of the Japanese Ministry of Foreign Affairs, under the date of February 19th last, the Russian Embassy is charged with giving the Japanese Government the assurance that it can entirely count on the support of the Imperial Government of Russia with regard to its desiderata concerning the eventual surrender to Japan of the rights belonging to Germany in Shantung and of the German Islands, occupied by the Japanese forces, in the Pacific Ocean to the North of the Equator.

THE JAPANESE MINISTRY OF FOREIGN AFFAIRS TO THE
RUSSIAN EMBASSY

March 8th, 1917

(Translation)

The Ministry of Foreign Affairs has the honor to acknowledge the receipt of the Note of the Russian Embassy, under the date of March 5th, 1917, in reply to the Note of the Ministry under the date of February 19th of the same year.

In the said Note, the Russian Embassy was good enough to declare that it was charged with giving the Japanese Government the assurance that it could entirely count upon the support of the Russian Government with regard to its desiderata concerning the eventual surrender to Japan of the rights belonging to Germany in Shantung and of the German Islands in the Pacific, situated to the North of the Equator.

The Japanese Government takes note of this communication with profound gratitude for the sentiment which inspired the Russian Government in giving its full assent to the desiderata of the Japanese Government.

It should be noted that the following notes were exchanged, not at Tokio, but at Rome, between the Italian Foreign Office and the Japanese Embassy:

THE JAPANESE EMBASSY TO THE ITALIAN GOVERNMENT

March 23rd, 1917

(Translation)

The Imperial Japanese Government intends to demand from the German Government at the negotiations of peace, the surrender of the territorial rights and special interests which Germany possessed, before the war, in Shantung and in the German Islands in the Pacific, situated North of the Equator.

In view of the present phase of events, the Imperial Government believed it bound to ensure forthwith the entire support of the English, French and Russian Governments, in case the foregoing claims should be presented to Germany at the peace negotiations.

In bringing to the knowledge of the Royal Government of Italy as a very confidential information that an arrangement has recently been entered into between the Imperial Government of one part and the British, French and Russian Governments of the other part, relating to the foregoing, the Imperial Government has the firmest conviction that the Royal Government of Italy, being inspired by the sentiments of friendship which animate the two countries, and considering the necessity of mutual assistance for the triumph of the common cause in the present war, will be good enough to welcome with satisfaction the conclusion of the above-mentioned arrangement.

ITALY'S REPLY TO THE NOTE OF THE JAPANESE EMBASSY

March 23rd, 1917

Upon reading the foregoing Memorandum, the Italian Minister for Foreign Affairs said to the Japanese Ambassador that the Italian Government had no objection regarding the matter.

These secret agreements, which Japan had made with the four Entente Powers at the very time when they were endeavouring to bring China into the war, were immoral, but perhaps quite in keeping with the methods of secret diplomacy, of which the Japanese, no less than the statesmen of Europe, are past masters. It was no surprise at all that Japan had seen fit to resort to devious ways of insuring her claims at the Peace Conference. The surprise was that the Allied Powers had at all entered into these secret understandings at the expense of China, especially considering that they had been looking forward to China's assistance in the war. The plea was made that the Allied Powers, at the time of the conclusion of the secret understandings, were badly in need of Japanese assistance, confronted as they were with the certain prospect of defeat on the Western European front. They were, therefore, it was pointed out, willing to obtain Japanese help and co-operation at any price. While it was to be granted that the Allied policy was dictated by considerations of military necessity, this was no reason at all why China's rights and interests should be sacrificed. If the Allies had a price to pay for Japanese assistance in the war, why did they not pay it on their own account?

The whole transaction becomes absolutely revolting when it is remembered that the Allied promises

were given not as a price for Japan's further assistance in the war, but as a *douceur* for withdrawing her objection to China's coming into the rank of the Allied Powers. Great Britain, Russia, France and Belgium in particular desired China to come to their assistance; but Japan objected. Now, to remove this objection, they (Belgium not included) sought to placate Japan by complying with her sinister demand at the expense of China. In other words, they were, on the one hand, anxious to make immediate use of the opportunities and privileges which China's coming into the war would afford, and on the other, they were unscrupulous enough to sacrifice her to hasten the realisation of their ambition. For international bad faith and treachery, this secret understanding between Japan and the Allied Powers will remain unsurpassed.

We can do no better than to quote the despatch which M. Krupensky, Russian Ambassador at Tokio, sent to his Government, on February 8, 1917:

"I never omit an opportunity for representing to the Minister for Foreign Affairs the desirability, in the interests of Japan herself, of China's intervention in the war, and only last week I had a conversation with him on the subject. To-day I again pointed out to him that the present moment was particularly favourable, in view of the position taken up by the United States and the proposal made by them to the neutral Powers to follow their example, and more particularly, in view of the recent speeches of the American Minister at Peking. Viscount Motono replied that he would be the first to welcome a rupture between China and Germany, and would not hesitate to take steps in this direction at Peking if he were sure that the Chinese Government would go in that direction. So far, however, he had no such assurance, and he feared lest unsuccessful representations at Peking might do harm to the Allies. He promised me to sound the attitude of Peking without delay, and,

in case of some hope of success, to propose to the Cabinet to take a decision in the desired direction.

"On the other hand, the Minister pointed out the necessity for him, in view of the attitude of Japanese public opinion on the subject, as well as with a view to safeguard Japan's position at the future Peace Conference, if China should be admitted to it, of securing the support of the Allied Powers to the desires of Japan in respect of Shantung and the Pacific Islands. These desires are for the succession to all the rights and privileges hitherto possessed by Germany in the Shantung Province and for the acquisition of the islands to the North of the Equator which are now occupied by the Japanese. Montono plainly told me that the Japanese Government would like to receive at once the promise of the Imperial Russian Government to support the above desires of Japan. In order to give a push to the highly important question of a break between China and Germany I regard it as very desirable that the Japanese should be given the promise they ask. This is the more important as the relations between Great Britain and Japan, as far as can be seen here, have of late been such as to justify a surmise that the Japanese aspirations would not meet with any objections on the part of the London Cabinet."

NOTE.—The Paris Peace Conference has become history and these secret agreements about Shantung have become things of the past. It is always refreshing, however, to read that vigorous editorial leader, which *The New York Times* published, April 23, 1919, under the caption, "The Secret Treaties," and which we reproduce in the following:

THE SECRET TREATIES

The interests involved in the Adriatic dispute over a few miles of rocky coast and a single city seem petty and negligible when compared with the consequences of the decision to be taken in the Far East, where the liberty, the right of self-determination, and the national destiny of 400,000,000 people depend upon the action of the Peace Conference. Like Italy and Jugoslavia, Japan is firm and insistent, while the Chinese, lacking the power

and privilege of self-assertion which may be permanently denied to them by the settlement of the issue, must depend upon the righteousness of their cause, upon the sense of international justice and regard for the principles of an enduring peace so constantly and openly professed by the members of the Conference.

It was, indeed, an "awkward moment"; it was a moment of time vital to the decision between the continuance of the old tradition and the rise of the new way in diplomacy and international relations which was forced upon the Conference when Mr. Wilson's question brought to light the secret treaties by which Great Britain, France, Russia, and Italy, just at the time when we were breaking off diplomatic relations with Germany, pledged their support to the demands Japan proposed to make at the Peace Conference that she be recognised as the lawful successor of Germany's rights in the Chinese Province of Shantung, and that possession of the German islands north of the Equator be assured to her. Japan had opposed the wish of China to join the Allies in the war, her assent was given on the terms she laid down in the secret treaties.

The reason for her opposition to the declaration of war by China and her insistence upon a secure foothold in Shantung is all-important. It is immeasurably important for China, for the whole future, the national existence of that republic was then, and is now, in the balance. It is to the last degree important as a test of the sincerity of the adhesion of the associated nations to the fourteen principles of Mr. Wilson; it is important to the verdict of history upon the question whether the Peace Conference of Paris in the year 1919 was governed in its decisions altogether or only in part by a spirit differing from that which actuated the Congress of Vienna a little more than one hundred years earlier.

Japan's reason and her motives were frankly disclosed in November, 1915, when, in response to what she believed to be the desire of the European Powers, China sought to enter the war. "Japan," said Baron Ishii, the Japanese Minister of Foreign Affairs, to the European Ambassadors at Tokio, "could not view without apprehension the moral awakening of 400,000,000 Chinese which would result from their entering the war." It was to forestall that awakening that Japan would retain her hold in Shantung. We may put aside the pledges and assurances given by Japan at the time she wrested the leased

territory of Kiaochow from Germany—she declared in her ultimatum to Germany that it was “with a view to eventual restoration of the same to China.” We may pass over Count Okuma’s statement that his Government would take “no such action as to give a third party any cause for anxiety or uneasiness regarding the safety of their territories or possessions.” We may leave out of account Okuma’s telegraphed message to the American people that in ousting the Germans from Kiaochow “Japan has no ulterior motive, no desire to secure more territory.” We need not dwell upon the Root-Takahira and the Lansing-Ishii agreements, in both of which Japan pledged herself to respect the independence and territorial integrity of China. All these things belong to the past.

But the Conference and the whole world are deeply concerned in the determination to be reached which will control the destiny of 400,000,000 people in the Far East. Is “the moral awakening of 400,000,000 Chinese” to be hindered and forbidden at the behest of a government representing 60,000,000 people? Will the nations of the West shut the door of hope upon that innumerable multitude, will they deny to the 400,000,000 Chinese those privileges of development and moral awakening by which the Japanese have so marvellously benefited? Shall China be doomed to age-long darkness because of the view of Japan’s self-interest held by a few of her statesmen who happen to be in power?

These are questions too big in morals, too portentously charged with perils for the peace of the world, to be excluded from the consideration of the Peace Conference or to be viewed as predetermined by treaties entered into without the world’s knowledge at a moment of sudden shift in the fortunes of war due to the imminence of our resort to arms.

Unfortunately, the answer given to the above questions by the statesmen who controlled the Versailles Peace Conference was least dreamed of and extremely disappointing. They decided to abide by the secret understanding between Japan and the Allied Powers; and by awarding Shantung to Japan, they committed a great injustice to China and erected for themselves a monument of ill fame, which would forever testify

their statesmanship or lack of it in becoming *particeps criminis* of an international outrage. But fortunately for China, this injustice brought about the "moral awakening" of her 400,000,000 people, which was feared by the Japanese statesmen. The "Student Movement," which began and gathered formidable strength after the "Shantung Settlement," has often been given as an eloquent testimony of this awakening.

VIII

CHINA AND THE WAR

THE fact is fairly well-known to-day that China would have been an active participant early in the European war had it not been for Japan's persistent obstruction.

"From the day war was declared in Europe, Yuan Shih-Kai (then President of China) without doubt realised that China's war problem was contained in one word, Japan, and his astute mind was busy with schemes to protect his country." His first thought was to join the Allies in the war. Failing this, he proposed that all the Chinese territories leased to the belligerent Powers and others who might thereafter become belligerents should either be neutralised or placed under China's control. With Japan's entrance into the conflict and her decision to attack the German leased territory in Shantung, the hope of neutralising the foreign leaseholds in China was banished. According to a contemporary account, President Yuan then proposed that China would send troops to participate in the capture of Tsingtao (which means that China would participate in the war), and that any military operations outside of the original German leased territory should be entrusted to Chinese troops. Whatever may be said against Yuan Shih-Kai, there can be no doubt that in international politics he was gifted with enough foresight

to see what was coming. His offer to participate in the war was, therefore, a master stroke of diplomacy, for it would be infinitely better for China to join with Japan and Great Britain in driving Germany out of Shantung than to leave the task to be performed alone by these two Powers, with the possible result of being excluded from the final settlement. "This proposal was communicated to Sir John N. Jordan, the British Minister at Peking. It appeared that Yuan Shih-Kai then acted entirely on his own initiative, for even those of his immediate entourage did not know about the proposal when it was made." The British Minister discouraged such action as President Yuan's proposal would naturally involve. The only alternative, then, was to limit hostile operations on Chinese territory to specified areas. The result was the establishment on September 3, 1914, of a special war zone in Shantung, within which the belligerent Powers were to carry on their military operations.*

Barred out in the expedition against Tsingtao, China, in November, 1915, again tried to enter the war at the request of the European Powers. The fact that China was bound to pay the monthly instalment of the Boxer Indemnity to Germany, which was largely spent by her agents in anti-Allied propaganda in China, and the fact that Germans were free to carry on multitudinous activities in a neutral China, which were regarded as highly inimical to the Allied interests, made the Ministers of the Allied Powers in Peking realise that it was after all better for China and for themselves that she should join the war. A

* *Vide*, Appendix E.

conference was held between the British, French, and Russian Ministers in Peking. Italy was not invited, being then not yet at war with Germany, and Japan was excluded for reasons yet unknown. The result of the conference was that overtures were made to the Chinese Government. But Yuan Shih-Kai, still remembering the rebuff he had experienced in 1914, replied with three conditions which must be accepted by the Allies before China could accede to the invitation. They included (1) that China was to have a sum of \$10,000,000 from the Allies for the purpose of putting her arsenals in proper condition, with the hope of doing her utmost to supply the Allies with the munitions, (2) that no further agreements should be made among them relating to China without her being consulted, and (3) that some arrangement should be made whereby the foreign settlement in Shanghai should no longer be allowed to shelter Chinese criminals and revolutionaries. All these three conditions were accepted by the Allied Ministers on behalf of their Governments. It was then decided upon that Tokio should be consulted. On November 23, 1915, the ambassadors of Great Britain, France and Russia at Tokio waited upon Viscount Ishii, the Japanese Minister of Foreign Affairs, and asked him whether Japan would join with their Governments in inviting China to enter the war on the side of the Allies. "On the occasion of that audience at Tokio the ambassadors of the three European Powers personally were but slightly conversant with actual conditions in China, a lack of knowledge that placed them at a disadvantage in treating with Viscount Ishii. The three ambassadors presented the

views of their Governments, and some arguments why China should be asked to join the Allies. Viscount Ishii demurred both to the proposal and to the arguments that were advanced. He said that Japan considered developments with regard to China as of paramount interest to her, and she must keep a firm hand there. Japan could not regard with equanimity the organisation of an efficient Chinese army such as would be required for her active participation in the war, nor could Japan fail to regard with uneasiness a liberation of the economic activities of a nation of 400,000,000 people."

According to a despatch by Charles A. Selden from Paris to the *New York Times*, April 22, 1919, Viscount Ishii was reported to have said on that occasion to the European ambassadors at Tokio: "Japan cannot view without apprehension the moral awakening of 400,000,000 Chinese, which would result from their entering the war." On April 24, Viscount Ishii, then Japanese Ambassador to the United States, issued, at Washington, a statement denying the report.* It may be said that, while the reports might vary, the truth remained: Japan prevented China from entering the war at the request of the European Powers.

* Viscount Ishii's statement reads:

"Was I apprehensive of the moral awakening of the four hundred million Chinese? The idea is fantastic. It is to effect this very awakening of the Chinese that Japan has been putting forth all efforts for these many years; sending professors to China and welcoming Chinese students to Japan. So long as China remains in a state of lethargy, she is in danger of her existence. And that danger is at the same time Japan's danger. Japan's security lies in the awakening and rising to power of China.

"But inducing China to participate in the war of 1915 was another affair, which I could not in conscience indorse. China was then passing

On January 31, 1917, the German Government, in a note to the Chinese Minister at Berlin, asserted that it was obliged to do away with restrictions upon her naval policy and to begin on the following day, February 1, the so-called ruthless submarine warfare. On February 4, the American Minister in Peking informed the Chinese Government that the United States, in view of the renewal of indiscriminate submarine warfare, had "no alternative but to pursue the course laid down in its note to the German Government on April 18th, 1916"—to sever diplomatic relations with Germany. The Chinese Government was invited "to take action similar to that taken by the Government of the United States." On February 9, the Chinese Government protested against the renewal of the indiscriminate submarine warfare, and asserted that if its protest should prove ineffectual, it would be constrained to sever diplomatic relations with Germany. No reply was received from

through a most critical period. Yuan Shih-kai, President of the young republic, who was fitly called the Huerta of China, had just started his monarchical movement and sought to nip China's new-born liberty in the bud by assuming the title of Emperor, with all that that title meant in China. An armed opposition had sprung up in Yunnan and was gathering strength from day to day.

"The whole country was on the verge of revolution and anarchy. China was, moreover, utterly destitute of arms and ammunition. What could we expect from her in such a condition?

"The military value to the Entente of the proposed Chinese participation was almost nil. The mere fact of a declaration of war by China would have immensely added to the excitement of the people, and rendered confusion worse confounded throughout the whole country. The greatest sufferer from such a condition in China would be, next after China herself, her neighbour, Japan. Again, from a humanitarian point of view, it was the duty of every belligerent to endeavour to restrict the spheres of war calamity, unless substantial military advantage were to accrue from their extension.

"I know my successor at the Foreign Office, Tokio, took two years later a different view on this question. He had probably his own reason in the presence of the changed situation."

Germany until March 10, and on March 14, China gave the German Minister in Peking his passport and recalled the Chinese Minister at Berlin.

The severance of diplomatic relations was followed by five months of agitation for and against China's entrance in the war. Having repeatedly failed to take part in the struggle, China was now confronted with the real opportunity of joining the Allied Powers. Unfortunately, however, there was a serious difference of opinion among the political leaders in China as to the wisdom of her participation—a difference, which finally grew into civil strife. But the Powers who were anxious to drag China into the conflict were relentless in their effort. Great Britain and France had three obvious purposes in view: To eradicate German influence in the Far East, to secure the use of German boats interned in the Chinese waters, and to draw upon China's limitless manpower. To the United States, the question of China's participation in the war was of less importance than her internal peace. But the American Minister in Peking, according to all contemporary accounts, was more enthusiastic than the Government which he represented in getting China into the war. He seemed to have considered it as a personal triumph or failure according as he succeeded or failed to persuade Premier Tuan Chi-jui to push through the war declaration. The "flying wedge" which he started cut deep into the internal politics of China, and the result was that before China could join the Allies in Europe war was started at home.

War or no war, China was not her own mistress. It is most painful to admit that the decisive voice was

to be heard, not from Peking, but from Tokio. Japan had opposed China's declaration of war upon Germany, being afraid of the "moral awakening" of the four hundred millions of her people. With the conclusion of the secret agreements with the European Powers as to the disposition of the German possessions in the Pacific and German rights in Shantung, Japan had undergone a radical change of her policy. She was now not only not opposed to China's coming into the conflict, but also ready to encourage it. With the Allied Powers now working in a unison, it was perhaps easy to direct the Chinese ship of state to the course they wanted. Thus, on August 14, by a Presidential Mandate, a state of war was declared to exist between China and Germany.

The question at once arose as to whether or not the declaration of war by China *ipso facto* abrogated the Convention of March 6, 1898, under which Germany held the lease of Kiaochow Bay from China and all the rights and privileges in the territory. From the standpoint of law and treaty, the disposal of the Kiaochow leased territory was necessarily narrowed to this issue. If the lease was not abrogated by China's participation in the war, then it was merely suspended for the duration of the war and revived on the restoration of peace. The settlement of this question of German leased territory in Shantung, then, should be one between China as the lessor, Germany as the lessee, and Japan as the military occupant. In other words, China should be consulted in the disposition of the territory, and it was an egregious mistake on the part of the Peace Conference at Versailles to dispose of it without

referring to the views and wishes of China. On the other hand, if the lease was abrogated, then there could be but one lawful settlement: to return the territory to China unconditionally. In that case, Germany ceased to be the lessee or to have any right to the territory, and Japan was occupying the territory, not of her enemy, but of her friend, and co-belligerent.

But the question remains yet unanswered: Did China's declaration of war abrogate the German lease Convention?

The general rule of International Law is that war terminates all existing treaties between belligerent Powers, except such as relate to boundaries, to the tenure of property, to public debts, etc., which are permanent in their nature.* Treaties are generally divided into two classes: transitory conventions and treaties. The former cannot be annulled by a subsequent war between the contracting parties, while the latter are voidable. "There is a very important difference between *transitory covenants* and *treaties*, with respect to their duration," says Martens. "When once a transitory covenant has been fulfilled, and has been continued on afterwards without being renewed, or its future duration has been defined by the contracting parties, it still continues in force. No changes that may take place afterwards as to the person of the sovereign, the form of government, or the sovereignty of the state can in the least impair the validity of the covenant while it is observed on the

* It is understood, of course, that treaties, or stipulations in treaties, having sole reference to the exercise of belligerent rights, or meant to be operative only in case of war, cannot be abrogated by a declaration of war. On the contrary, they come into force upon the outbreak of hostilities.

other side. If a war even should break out between the contracting parties, the covenant does not, on that account merely, become entirely null, although the effects of it may be suspended during the war." Professor John Bassett Moore, one of the leading international jurists in the United States, says: "By a classification originating with the earlier publicists, and often repeated by their successors, treaties have been divided into two classes—*pacta transitoria*, or 'transitory conventions', as the words have been unfortunately translated, and 'treaties' properly so-called. In the former class were included international compacts by which a status was permanently established, or a right permanently vested; and, in the latter, compacts which looked to future action, and the execution of which presupposed the continuance of a state of peace between the contracting parties."

An equally sound doctrine is that of Calvo, the well-known Latin American jurist, who maintains that the effect of the declaration of war upon treaty "depends naturally upon the particular character of the engagements contracted." "Thus all are agreed in admitting the rupture of conventional ties concluded expressly with a view to a state of peace, of those whose special object is to promote relations of harmony between nation and nation, such as treaties of amity, of alliance, and other acts of the same nature having a political character. As to customs and postal arrangements, conventions of navigation and commerce, and agreements relative to private interests, they are generally considered as suspended till the cessation of hostilities. By necessary conse-

quence, it is a principle that every stipulation written with reference to war, as well as all clauses described as perpetual, preserve in spite of the outbreak of hostilities their obligatory force so long as the belligerents have not, by common accord, annulled them or replaced them with others."

While forbearing to cite many other authorities on the same subject, we may quote the general principle which Professor John Bassett Moore lays down: "There was a recognition of the principle, which is now received as fundamental, that the question whether the stipulations of a treaty are annulled by war depends upon their intrinsic character. If they relate to a right which the outbreak of war does not annul, the treaty itself remains unannulled."

In accordance with the distinction thus drawn, it may be said as a general rule of International Law that, treaties which are transient in character and look to the continuance of a state of peace for their enforcement, are usually considered as having been dissolved by subsequent war between the contracting parties, while those of a permanent and irrevocable nature are regarded as merely suspended for the duration of the war. Was the Convention of March 6, 1898, under which Kiaochow was leased to Germany for ninety-nine years, permanent and irrevocable in its nature, or did it settle anything permanently? The fact that it was only a ninety-nine year lease is sufficient to show its temporary character. The second article of the Convention stipulated: "With the intention of meeting the legitimate desire of His Majesty the German Emperor, that Germany, like other Powers, should

hold a place on the Chinese coast for the repair and equipment of her ships, for the storage of materials and provisions for the same, and for other arrangements connected therewith, His Majesty the Emperor of China leases to Germany, provisionally for ninety-nine years, both sides of the entrance to the Bay of Kiaochow.”* It seems evident, therefore, that the Kiaochow Convention was not a permanent or perpetual agreement and it did not settle anything permanently or irrevocably. And as such it was abrogated by China’s declaration of war. Those who have held the contrary have evidently understood the ninety-nine years lease as an absolute cession. It is, however, important to remember that, in leasing the territory to Germany, China reserved to herself “all rights of sovereignty in the zone.” It could not be an absolute cession, therefore.

Again, war is a hostile measure which terminates all the usual friendly relations between states. All treaties of amity are *ipso facto* abrogated by a subsequent war between the contracting parties. In this case, the lease was granted to Germany by China with the avowed intention of strengthening their friendly relations. The Convention so asserted in its preamble: “The incidents connected with the mission in the prefecture of Tsao-chow-fu, in Shantung, being now closed, the Imperial Chinese Government considers it advisable to give a special proof of their grateful appreciation of the assistance rendered to them by Germany. The Imperial German and the Imperial Chinese Governments, therefore, inspired by the equal and mutual wish to strengthen the bonds

* *Vide* Appendix A.

of friendship which unite the two countries, and to develop the commercial relations between the subjects of the two States, have concluded the following separate convention." No matter how ironical the wording of the preamble or how little truth there was in its assertions, it was nevertheless a treaty of amity, and as such it was undoubtedly abrogated by the war.

As has been pointed out in the above, the question whether the stipulations of a treaty are annulled by war depends upon their intrinsic character. In accordance with this principle, the Lease Convention was, it may be said, of such intrinsic character that the outbreak of hostilities between China and Germany was sure to annul. In the first place, it should be noted that, by virtue of the third article of the Lease Convention, China refrained from exercising her "rights of administration in the leased territory during the term of the lease" and granted the exercise of them to Germany. Upon the outbreak of war, it would be easy to imagine that the continuance by Germany to exercise these jurisdictional rights on the territory of China would be highly inimical to her own safety. It was not only right, but very natural, therefore, that China, in consideration of the intrinsic character of this stipulation, should insist that it was annulled by her declaration of war. "Since it is lawful to take possession of whatever belongs to the enemy government, with greater reason it is proper to deprive it of the rights which grow out of the treaties." Furthermore, according to the second article of the Lease Convention, Germany was given the right "to construct, at a suitable moment, on the territory thus leased, fortifications for the

protection of the buildings to be constructed there and of the entrance to the harbour." In other words, Germany enjoyed the right of fortification, which would mean that, upon the outbreak of hostilities, Germany could use the leased territory as a base of operation against China herself, if the Convention were allowed to stand. This was absolutely unthinkable. In view of these two stipulations, therefore, it is easy to see why the Lease Convention should be abrogated upon China's declaration of war.

This was the position of the Chinese Government. In fact, the Chinese Government had so stated in its declaration of war on Germany and in its communications to the Allied Powers. The Presidential mandate of August 14, 1917, declaring the existence of a state of war from then on, said: "In consequence thereof, all treaties, agreements, and conventions, heretofore concluded between China and Germany, and between China and Austria-Hungary,* as well as such parts of the international protocols and international agreements as concern only the relations between China and Germany and between China and Austria-Hungary are, in conformity with the Law of Nations and international practice, hereby abrogated." The abrogation of these treaties, agreements, and conventions with Germany (and Austria-Hungary) was communicated by the Chinese Minister of Foreign Affairs to the diplomatic representatives of the Allied and neutral Powers in Peking, in

* China declared war on Austria-Hungary, by the same Presidential mandate, on the ground that "it is not Germany alone, but Austria-Hungary as well, which has adopted and pursued this policy (of ruthless submarine warfare) without abatement." For the Presidential mandate, *vide* Appendix G.

a circular note of August 14. All admitted this fact, and none raised any objection.

The point which we should emphasise in particular here is that, with the abrogation of the Lease Convention, the territory held by Germany under it reverted back to China, and that with the reversion of the leased territory to China, one of the principal objects of the Chino-Japanese treaties of 1915, growing out of the Twenty-one Demands, disappeared. It is a well recognised principle of International Law that a treaty becomes null and void when its object or one of its objects ceases to exist. The abrogation of the Lease Convention and other agreements with Germany spelled the end of all German rights and concessions in China.* Mr. Robert Lansing, former Secretary of State of the United States and one of the American Commissioners to negotiate peace with Germany, held that the extinguishment of the lease upon China's declaration of war was at once a moral and legal ground for the Chinese Government to take. "Morally and legally," he observed, "the Chinese Government was right in denouncing the treaty and agreements with Germany and in treating the territorial rights acquired by coercion as extinguished." "This view of the extinguishment of the German rights in Shantung was manifestly the just one and its adoption would make for the preservation of permanent peace in the Far East."

* Cf. author's *The Chino-Japanese Treaties of May 25, 1915*, Chapter VI.

IX

THE SECRET AGREEMENTS OF 1918

ASIDE from the secret understandings and agreements which Japan and her associates in the war had entered into about the disposition of the Shantung question at the forthcoming peace conference, there were, unfortunately, still other entanglements, of which China was her own architect. They were the diplomatic notes exchanged, September 24, 1918, between the Chinese Minister at Tokio and the Japanese Minister of Foreign Affairs, which were no less damaging to China's cause at the Versailles Peace Conference, but more plausible from the Japanese standpoint, in view of the fact that they were signed by China's own accredited diplomatic representative at Tokio.

There were, in all, six notes,* exchanged under the same date, between Tsung-hsiang Chang, the Chinese Minister at Tokio and Baron Shimpei Goto, the Japanese Minister of Foreign Affairs. The first two related to the construction of two railways in Shantung, between Tsinan and Shunteh and between Kaomi and Hsu-chow. With "an authorisation" from his Government, the Chinese Minister stated that China had decided "to obtain loans from Japanese capitalists for the purpose of constructing the railways connecting points" as mentioned, and to give Japan the right of preference to other "suitable

* *Vide* Appendix H.

lines" in Shantung, if the above-mentioned two railways were deemed "to be disadvantageous from the point of view of railway enterprise." The Japanese Government was called upon to take "the necessary steps to cause Japanese capitalists to agree to enter into negotiations for loans on the same."

On the same day, September 24, 1918, a preliminary contract for the construction of the two said railways was entered into between the Chinese Minister, and Mr. A. Ono, representing the Japanese Industrial Bank, the Taiwan Bank, and the Bank of Chosen, whereby the Chinese Government undertook to issue "Gold Bonds of the Two Railways" to expire at the end of forty years, dating from the day of issue. The total amount required for the construction was not determined, but according to a statement issued by the Japanese Government, October 1, 1918, 70,000,000 yen was mentioned as the necessary amount. Article IX of the contract was easily the most important. It stipulated: "On the conclusion of this preliminary contract, the Banks will advance to the (Chinese) Government 20,000,000 yen in the full amount without any discount whatsoever."

In this connection, it may be proper to add that in 1917 and 1918 Japan had made numerous loans to China, the proceeds of which were mainly used for the purpose of carrying on the civil war. It has generally been believed that, among the immediate reasons for the signing of the preliminary contract was the anxiety of the Peking Government to secure the necessary funds in order to be able to hold out against the South. The sum of 20,000,000 yen promised in the preliminary contract was a timely

relief. The Peking Government was dominated then by Premier Tuan Chi-jui, who, on his own responsibility, "authorised" the Chinese Minister at Tokio to enter into negotiations for the railway loan. The fact that such a contract had been entered into by the Chinese Minister and the representative of Japanese Banks was not generally known even to the cabinet members of the Chinese Government. The question may well be raised as to whether or not the Chinese Minister at Tokio had the necessary power to enter into such a contract. It is a recognised rule of International Law that a treaty is not binding upon the state if its diplomatic representative exceeds his authority or violates his instructions. "Such engagements, when made without express authority, or beyond the limits of such as may be reasonably inferred, are called sponsions, and are not binding until confirmed either by express or tacit ratification," said Hannis Taylor, the well-known American authority on International Law. Or, as Martens expressed it: "Whatever the chief or the inferior promises beyond the limits of the authority intrusted to him is only a simple sponson which nothing but a subsequent ratification, either express or implied on the part of the nation, can render obligatory." It would seem that the above railway contract was a simple sponson. It was concluded by the Chinese Minister at Tokio without due authority from his Government, and it was never duly ratified by the Chinese Government after its conclusion.

Much more damaging in effect, however, were the other two notes, in which the Chinese Minister engaged to make the Kiaochow-Tsinan Railway a

Chino-Japanese joint enterprise and to employ Japanese at the headquarters of the railway police and at the police training school, in return for the withdrawal of Japanese troops and for the abolition of the civil administration which Japan had, contrary to the principles of International Law and against vigorous protests by the Chinese Government, established in the Shantung province.*

It may be recalled that, on November 19, 1914, upon the capture of Tsingtao, Japan established her military administration in the German leased territory. This régime was continued for almost three years. On October 1, 1917, an Imperial Ordinance was issued by the Japanese Government, establishing regulations for the division of civil administration in the Tsingtao garrison. The division of civil administration thus established extended to Litsun, to Fangtze, and in fact, to all Eastern parts of Shantung. The Chinese Government protested against this outrageous disregard of its territorial sovereignty and violation of the recognised principles of International Law. The protest fell upon deaf ears. The Chinese delegation at the Peace Conference at Versailles, in a statement issued on May 3, 1919, asserted that "the notes of 1918 were made by China as a price for Japan's promise to withdraw her troops whose presence in the interior of Shantung as well as the establishment of Japanese civil administration bureaus therein had aroused such popular opposition that the Chinese Government felt constrained to make the arrangement." In a formal communication to the President of the Council of

* *Vide* Appendix H.

Three, May 4, 1919, the Chinese delegation made almost similar assertion when it said: "The Chinese Government was obliged to exchange the 1918 notes because the continued presence of the Japanese troops in the interior of Shantung and the unauthorised establishment of Japanese civil administrative bureaus which attempted to govern Shantung as Japanese territory, aroused such popular indignation and opposition that no other course seemed open to the Chinese Government to rid the Province of their presence."

This was reason enough for China to enter into secret agreements with Japan. At the same time, it could not be denied that, either knowingly or unknowingly, China walked into the very dangerous diplomatic trap, from which she hardly knew how to extricate herself. It was admitted on all hands that Japan was extremely desirous of fortifying her diplomatic front at the time, so that she could face with fortitude and courage the Shantung question when it was eventually taken up for settlement. Japan had keenly felt that military occupation of the territory was not sufficient ground for its permanent possession. By means of the Twenty-one Demands, she attempted, therefore, to confirm by treaty what she had acquired by force. Japan had also keenly realised that even the treaty growing out of the Twenty-one Demands was not a valid ground for her claim to the possession of the Shantung peninsula, particularly in view of the circumstances under which the demands had been forced upon China.*

* Cf. author's *The Twenty-one Demands and The Chino-Japanese Treaties of May 25, 1915.*

So, by entering into secret understandings and agreements with Russia, France, Great Britain and Italy, she hoped to strengthen her claim at the forthcoming peace settlement. With China participating in the war and in view of the certainty of her having a seat at the peace conference where she could plead for her own case, Japan was awakened once more to the insecurity of her diplomatic position. The Allied secret agreements would assure her the support of the four Powers, but they were entered into in secret, without the knowledge of China, the United States, and the other Powers who would participate in the conference. They might be binding upon Great Britain, Russia, France and Italy; they could not be binding upon China, the United States, and other belligerent Powers. Japan's certainty of winning her claim on the strength of these secret understandings and agreements was again in doubt. As a stroke of diplomacy, then, nothing could be devised, more astute and more assuring, than to get China into these secret agreements of 1918, which could be held out as the evidence and proof of China's willingness to settle the Shantung question according to the terms which Japan had desired.

X

THE SHANTUNG QUESTION AT THE PEACE CONFERENCE AT VERSAILLES

WITH the meeting of the Allied and Associated Powers at Versailles to dictate terms of peace to Germany, the Shantung question reached an acute stage, where it was possible either to make out of it an example of settlement based upon international justice and morality, or to intensify a serious international grievance and make its redress more remote and more difficult.

The Peace Conference was organised in Paris on January 18, 1919. The first Plenary Session of the Conference was held on January 25. With the election of its President, with the appointment of numerous commissions and sub-commissions, and with the creation of the so-called "Council of Ten" composed of two representatives from each of the five "Principal Powers," the machinery of the Conference to formulate the conditions of peace to end the Great War was set in full swing. It should be noted that a line was clearly drawn, in the proceedings of the Conference, between the great and minor Powers. The United States of America, the British Empire, France, Italy and Japan styled themselves as "the Principal Allied and Associated Powers," and the other twelve minor nations were called merely "the Allied and Associated Powers." Inasmuch as the

Council of Ten handled practically, at the early stage of the Conference, the main portion of its business, and inasmuch as the small Powers had no representation in the Council, it was not very far from the truth to say that, in the organisation and the proceedings of the Conference, the five "Principal Powers" enjoyed the position similar to that of the judges of a Supreme Court, to which the minor Powers presented their cases for judgment. It is important to bear this point in mind, for the different position which China and Japan had respectively occupied had a great deal to do with the final decision arrived at on the Shantung question. Japan was one of the Principal Powers, represented on the Council of Ten, and as such she was, in the Shantung dispute, a contestant and a judge in the case at the same time. On the other hand, as one of the "Allied and Associated Powers," China hovered around the outskirts of the Conference, with no more right than that of petitioning to have her views heard.

Two days after the first Plenary Session of the Conference, January 27, 1919, the dispute between China and Japan over the disposition of German rights and concessions in Shantung was brought to the fore. In the presence of the Chinese delegates, the Japanese argued their case before the Council of Ten. It was at this meeting that the secret agreements between Japan on the one side and the four Entente Powers on the other about the future possession of Shantung and the disposition of the German interests in the province were revealed. The American delegates, like the Chinese delegates, as has been pointed out in a previous chapter, went to the Ver-

sailles Peace Conference in absolute ignorance of these secret agreements, and they were completely taken by surprise when they were told, in reply to a suggestion that Shantung should be given back to China, that a different arrangement had previously been reached. The disclosure was made on January 27, but the fact did not become generally known until several months later. The following is taken from a special despatch by Charles A. Selden to the *New York Times* under the Paris date of April 22, 1919, which gave a vivid (though somewhat different) account, not only of the circumstances under which the secret agreements were revealed to the Peace Conference, but also of the reasons for which they had been entered into:

“Neither President Wilson nor the Chinese delegates knew of the existence of these secret agreements when they came to Paris. The disclosure was first made to Mr. Wilson at a meeting of the Council of Ten, when the question of the mandatory system as suggested by the American President was first under discussion. It was then proposed that the German islands be disposed of by placing them under mandates.

“It was an awkward moment. Mr. Lloyd George remarked that an arrangement of a different character had already been reached with reference to the islands. Mr. Wilson asked what it was. Mr. Lloyd George turned to Baron Makino for an explanation, whereupon Mr. Wilson was informed that Japan had received the promise of England, France, Italy, and Russia, two years before, that she should have outright all the German islands north of the equator, and that she had agreed that Australia should have all to the south. It was common knowledge that such a distribution had been long contemplated, but nobody outside the Foreign Offices of the Governments directly involved knew that there were definite signed agreements concerning the deal.

“After learning so much Mr. Wilson asked if there were any other secret agreements which had not been produced at the

conference. It was then admitted that the agreement with Japan also included the British, French, and Italian promises to support her claims to the Chinese Province of Shantung as the price Japan demanded for allowing China to enter the war, despite the fact that China had been repeatedly trying to get into the war against Germany of her own volition.

"The reasons for her failure to become a participant make an interesting phase of this Asiatic question. She was barred out in the early stages of hostilities because Japan had no desire to let China participate in the military task of recovering her own territory in Shantung Province from the Germans at Kiaochow. Again, in November, 1915, China tried to enter the contest as desired by the European powers. On that occasion Baron Ishii, then Japanese Minister of Foreign Affairs, said to the European Ambassadors at Tokio: 'Japan could not view without apprehension the moral awakening of 400,000,000 Chinese which would result from their entering the war.'

"China did not dare act contrary to the wishes of Japan, for she knew Europe could not help her in case of need, and she feared Japanese aggression. But another opportunity came to China early in 1917, when the United States broke diplomatic relations with Germany and invited all the neutral countries of the world to follow her example. Then Japan, like the rest of the world, realised that America would soon become an active belligerent, and that the defeat of Germany was no longer a matter of doubt. Japan also realised then that she could no longer keep China neutral."

At the risk of repetition and as a digression, it may be said that, from the foregoing account, the world at large learned, if not for the first time, the fact that Japan had on different occasions prevented China from taking part in the European war. In the first place, China was denied participation in the Tsingtao expedition in September, 1914. When China attempted again to participate in the European conflict in November, 1915, at the urgent request of the European Powers, particularly Belgium and France, Japan, through Viscount Ishii, again refused to give

her endorsement. It is interesting to recall what Viscount Ishii said apropos of this matter, that he was afraid of the moral awakening of the four hundred millions of Chinese. Another opportunity came to China early in 1917 when the United States broke off her diplomatic relations with Germany and invited all the neutral countries in the world to follow the example. Of all the neutral countries so invited, China was the only Power who had responded favourably by breaking off diplomatic relations with the German Imperial Government. Realising that China could no longer be kept neutral during the war, Japan at once set to work to insure, first her claims in regard to the German possessions in the Pacific north of the Equator, and secondly her claims in regard to the German rights and interests in Shantung, in anticipation of the presence of China at the forthcoming Peace Conference to plead her own cause.

In the meeting of the Council of Ten, January 27, a formal request was made that China's claims should also be heard. The request was complied with, and on the following day, January 28, the Chinese delegates were called upon on two hours' notice to present China's case.* This time the Japanese representatives on the Council listened to the case in which they were themselves greatly interested. Promising that China's case would be fully presented in documentary form, the Chinese delegates made at the time an outline of their arguments,

* The Chinese delegation also offered to make public the Chino-Japanese secret agreements of 1918. This tentative offer caused the Japanese Minister in Peking to threaten China with war, which was given in *extenso* in Note II appended to this chapter.

which were conveyed, however, in such a convincing manner that they "simply overwhelmed the Japanese." Mr. Robert Lansing, a member of the Council, believed that the Chinese presentation was far superior to that of the Japanese the day before. "I believe that that opinion was common to all those who heard the two presentations," he wrote in *The Peace Negotiations*. "In fact it made such an impression on the Japanese themselves, that one of the delegates called upon me the following day and attempted to offset the effect by declaring that the United States, since it had not promised to support Japan's contention, would be blamed if Kiaochow was returned directly to China. He added that there was intense feeling in Japan in regard to the matter. It was an indirect threat of what would happen to the friendly relations between the two countries if Japan's claim was denied."

Thus, at the very beginning of the Peace Conference, the Chinese and Japanese dispute about the disposition of the German rights in Shantung, threatened to be a serious issue. The disclosure of the secret understandings about Shantung created a situation, whereby China's claim was to be decided by five "Principal Powers," four of whom had previously agreed to decide against China. In spite of this obvious disadvantage, it was conceded in the early days of the Conference, that China's just claims would be supported. "President Wilson and the American Commissioners," said Mr. Lansing, "unhampered by previous commitments, were strongly opposed to acceding to the demands of the Japanese Government. The subject had been

frequently considered during the early days of the negotiations and there seemed to be no divergence of views as to the justice of the Chinese claim of right to the resumption of full sovereignty over the territory affected by the lease and the concessions to Germany." But the return of President Wilson to the United States on February 14, 1919, and the numerous meetings of the Commission on the League of Nations interrupted further consideration of the Shantung question. Nothing could suit the Japanese delegates better than this interruption, for they were playing a waiting game, exerting every influence to delay a settlement of the question, "apparently in the hope that a turn of events would provide a favourable opportunity to press Japan's claims." The Chinese delegates were, of course, desirous of an early decision. Several times they urged that the question should be given prompt consideration. But the absence of President Wilson and other questions at the Conference pressing for disposal made it practically impossible to give proper attention to the Shantung dispute. The consideration of the matter was not resumed until after President Wilson's return to Paris, March 14. A little later, the "Council of Four," composed of the heads of the United States, Italy, France and Great Britain, superseded the "Council of Ten."

In the period that intervened between the disclosure of the Allied secret agreements and the resumption of consideration of the Shantung question, the Japanese delegates brought forward the issue of racial equality by proposing in the Commission on the League of Nations that a clause to that

effect should be inserted in the Covenant of the League. Different views were held about the issue. Some considered it as Japan's diplomatic smoke screen; others regarded it as something with which Japan could strike a bargain. At any rate, the question of racial equality, when raised by the Japanese delegates, met with vigorous opposition by Australia, Canada, and the United States. "As far as I could judge, all of the official experts on the Far East attached to the principal governments at the Conference regarded Japan's introduction of the race equality as a diplomatic 'herring'," said Mr. Thomas F. Millard, one of the unofficial experts attached to the Chinese delegation. "None of the American experts felt any uneasiness at the suggestion that Japan should be conciliated by inserting some generalisation about race equality into the preamble of the League Covenant. On the contrary, it was felt that by doing that Japan would be deftly deprived of an alleged 'grievance'. A proposal that the League Covenant would recognise race equality of course could not be opposed by the other Oriental nations represented at the Conference. The Chinese delegation was fully aware of the true character of this move of Japan, but when the question came up before the Council of Ten (*sic*) the Chinese representative voted for it. It was well understood that the real objectors to a recognition of race equality by the Covenant were the Australasians; yet when the question came up at a plenary session (April 28?) of the Conference, President Wilson somehow was induced to be the spokesman of the explanation for rejecting Japan's proposal."

Early in April the Shantung question was again seriously discussed. Professor E. T. Williams, chief expert on the Far Eastern affairs attached to the American Commission, was repeatedly called in for consultation. On April 9, he sent a memorandum to the American Commission, in which he suggested to draw a clause for the treaty of peace, which would provide for the transfer of the German rights in Shantung directly to China. On the following day, April 10, he was instructed to draft such a clause. In consultation with Dr. James Brown Scott, chief expert on International Law, a compromise clause was agreed upon, transferring the German rights, instead of to China directly, but to the five Principal Allied and Associated Powers "in trust."

On April 11, in the meeting of the Commission of the League of Nations, Japan lost her fight for inserting in the covenant, or in its preamble, a clause recognising racial and national equality. The Japanese delegates knew full well that the more vigorously their Allied colleagues opposed the racial equality issue in the Commission of the League of Nations, the more it would be incumbent upon them to support Japan's claim in Shantung and the more easily she would obtain satisfaction in the real important issue in which she was interested. The losing out on her proposal for racial equality, which was, by the way, cordially supported by the Chinese delegates "in principle," was, as far as Japan's real interest at the Peace Conference was concerned, a blessing in disguise.

In the meantime, it should be remembered, the Council of Four had taken the place of the Council

of Ten. Japan was not represented on the Council of Four, which included only the heads of the United States, the British Empire, Italy and France. When the Shantung question was taken up by the new machinery of the Conference, it had but to reach a decision or to offer a formula for settlement. It was known that President Wilson stood firmly for Chinese rights. Acting upon the suggestion from Professor Williams and Dr. Scott, President Wilson proposed, as a compromise, that the five Principal Powers, Japan included, should act as joint trustees of the former German rights in Shantung. The Japanese delegates refused, however, to consent to the proposal.

An April 21, apparently influenced by the unfavourable situation apropos of the Shantung question, Baron Makino and Viscount Chinda called upon Secretary Lansing to "talk the matter over." Mr. Lansing was frank enough to tell them that "they ought to prove the justice of the Japanese claim, that they had not done it" and that he doubted their ability to do so.

There could be no denying that, pressed for the completion of the Treaty of Peace with Germany, which was to embody the Shantung settlement, the situation was becoming more and more acute. On April 22, President Wilson consulted Professor Williams again. In the testimony given before the Senate Committee on Foreign Relations, August 22, 1919, Professor Williams said that after receiving a telephone message, he went to see the President. "The President said he wanted me to consult with Far Eastern experts of the British and French dele-

gations as to which of two alternatives would be less injurious to China, to transfer to Japan all the rights and privileges formerly enjoyed by Germany in the province of Shantung, or to insist upon the execution of the convention of May 25, 1915, between China and Japan." Professor Williams offered another alternative solution: "We might put a blanket article in the treaty covering all German properties in China, saying that Germany renounced all rights and titles to those government properties in China and that they reverted automatically to China." But since the port of Tsingtao and the railways and mines in the province had been taken from Germany by Japan, with the aid of Great Britain, and since they were now in the possession of Japan, they would be transferred to China by Japan within one year after the signing of the peace treaty. President Wilson did not accept this alternative, but told Professor Williams to consult the British and French Far Eastern experts about the two alternatives he himself had raised.

At the meeting of the Council of Four, which took place at President Wilson's house, Place des États-Unis, at 4:30 p. m., Tuesday, April 22, the Allied secret agreements on the disposition of the German rights in Shantung were discussed. The Chinese delegates, who were present at the meeting, asked for a settlement of the Shantung question in terms of International Law and justice, and pleaded that China's participation in the war and the abrogation of the German rights in Shantung had brought about so radical a change of the general political and diplomatic situation as to render almost unenforceable these

Allied secret agreements. Lloyd George defended the secret agreements, and justified them on the ground of military necessity. His defence was recorded in the minutes of the meeting, taken by Sir Maurice A. P. Hankey, Secretary to the Council. These minutes are now still among the secret and confidential papers of the Versailles Peace Conference. While it is not necessary to show the source of our information, we may state that the following is an extract taken textually from the minutes of the meeting of the Council of Four:

“Mr. Lloyd George said: ‘The engagement that had been entered into with Japan had been contracted at a time when the support of that country was urgently needed!’ He would not say that the war could not have been won without that support. But he could say that Kiaochow could not have been captured without Japanese support. It was a solemn treaty and Great Britain could not turn around to Japan now and say, ‘All right, thank you, thank you very much. When we wanted your help, you gave it, but now we think that the treaty was a bad one and should not be carried out.’ ”

This was the argument of the British statesman. As to its plausibility, it is unnecessary to say. It seemed, however, that with the British statesmen, the sense of honour and obligation was fostered at the sacrifice of international justice and morality.

While the Shantung dispute was pressing for a final decision, the Adriatic question took an unexpected turn, which seemed to augur well for China. On April 23, the Council of Four was hopelessly deadlocked on the Italian question. Going over the heads of the Italian delegation and the Italian Government, President Wilson issued his courageous message to the world regarding the disposition of

Fiume, refusing to recognise the allied secret understanding, but upholding the rights of the Jugoslavs. Mr. Charles A. Selden, Special Correspondent of *The New York Times*, in a despatch to that paper under the Paris date of April 24, said: "Next to the Jugoslavs, the people in Paris who are happiest to-day because of President Wilson's Italian decision are the Chinese. Rightly or wrongly, they feel they have in the American President's Adriatic ruling a forerunner of what they may hope for with reference to the settlement of their controversy with Japan concerning Shantung. Not only are the Chinese confident, but everybody about the Conference to-day seems to take it for granted that a similar outcome may be looked for in the Asiatic dispute." Indeed, it may be said with truth that the dispute between China and Japan over the possession of the Shantung province and the German interests therein was closely paralleled by the dispute between Italy and Jugoslavia over Fiume and Dalmatia at the Versailles Peace Conference. Just as Italy had based her claims in the Adriatic primarily upon the Treaty of London of 1915, so Japan had rested her claims upon a similar arrangement which was entered into between Japan on the one side, and Russia, Italy, France, and Great Britain on the other. There was, indeed, a point of curious similarity between the quarrel of Italy and Jugoslavia and that of China and Japan. But the same well-known correspondent, whom we have quoted before, observed that there was, at least, this much difference: "Italy is struggling to get the debatable territory promised her by England and France as an inducement to

enter the war. Japan is fighting to get admittedly Chinese territory as a reward for letting China enter the war."

On the same day, April 23, it should be recalled that the Chinese delegates proposed in writing to the Council of Four a "compromise settlement," similar to the Williams-Scott suggestion. China offered to reimburse Japan her military and naval expenses involved in the taking of Kiaochow and to create at Tsingtao an international settlement. She suggested, at the same time, that the German rights in Shantung should be ceded by Germany to the five Principal Powers to be eventually returned to China, and that Japan should engage to evacuate Shantung entirely within one year after the signing of the Peace Treaty. Among the intimate circles of the Chinese delegation at Paris, it was also known that some of the Chinese delegates, in a spirit of compromise and anxious for an early settlement, went so far as to intimate to the Council of Four that they would perhaps consent to a direct cession to Japan of the German rights in Shantung, to be eventually returned to China, if the United States, Italy, France, and Great Britain would act as joint trustees, as suggested by President Wilson.

On April 24, the Far Eastern experts of the American, British and French delegations met to consider President Wilson's two alternatives. It was agreed that "it would be less injurious to China to transfer all the rights formerly enjoyed by Germany in the province of Shantung to Japan than it would be to insist upon the observance of the China-Japan convention of 1915." It was the opinion of Professor

Williams that neither alternative should be adopted. Neither the enforcement of the 1915 treaty should be insisted upon, nor the German rights should be transferred to Japan. This opinion was concurred in by the British expert. It should also be noted that on the same day the Council of Four became, with the withdrawal of the Italian delegation, the Council of Three, composed of President Wilson, Lloyd George, and Clemenceau.

On April 26, President Wilson, deeply concerned with the existing state of the controversy, asked Secretary Lansing to see the Japanese delegates and "to dissuade them from insisting on their demands and to induce them to consider the international trusteeship proposed." Mr. Lansing thus recorded in his book: "The evening of the same day the two Japanese came by request to my office and conferred with Professor E. T. Williams, the Commission's principal adviser on Far Eastern affairs, and with me. After an hour's conversation Viscount Chinda made it very clear that Japan intended to insist on her 'pound of flesh'. It was apparent both to Mr. Williams and to me that nothing could be done to obtain even a compromise, though it was on the face favourable to Japan, since it recognised the existence of German rights, which China claimed were annulled." The insistence by the Japanese upon their claims was fully reported to President and his fellow Commissioners.

In the afternoon of April 28, a Plenary Session of the Conference was held, in which the Covenant of the League of Nations was adopted. Baron Makino, the Japanese delegate who led the fight for racial and

national equality, announced in the session that he would not insist upon an amendment to the Covenant providing for the said equality. The surrender by the Japanese was at once sensed as an iniquitous bargain being struck, whereby they agreed to waive their claim to race equality and to accept the Covenant for presumably a satisfactory settlement in regard to Shantung. General Bliss, Mr. White and Secretary Lansing, American Commissioners, were unanimous in their opinion that China's rights should be sustained even if Japan should withdraw from the Peace Conference. They were all indignant at the idea of submitting to the Japanese claims and decided that President Wilson should be informed of their attitude. Thus, on April 29—the same day the German delegates arrived in Paris to receive “the conditions of peace,” General Bliss, with the concurrence of Mr. White and Mr. Lansing, sent to President Wilson a strong letter, nothing short of a protest, in which it was pointed out that to give Shantung to Japan, instead of China, would be a great moral wrong, and that it could not be right to do wrong even to make peace.*

When this protest was written and delivered, the final decision about the Shantung question had not yet been reached. It was not until April 30, the day following the delivery of this protest, that the Council of Three decided irrevocably to give Shantung to Japan. In the evening of the same day, Mr. Ray Stannard Baker, under the President's direction, brought a memorandum to the Chinese delegation, informing it in substance of the decision already

* *Vide* Appendix K.

reached on the Shantung question and explaining the reasons why President Wilson had agreed to the award.* The explanation given was, briefly, to this effect: "The President was fearful of a disruption of the Conference (presumably by Japan's threat to withdraw and also because of intimations that, in case Japan withdrew, Great Britain might not be able to sign the treaty), and that in order to secure Japan's adherence to a League of Nations he had thought it necessary to accept a solution that was insisted on by Japan. It was the President's view, so the Chinese delegation was told, that China would eventually secure justice from the League of Nations."

On this explanation, one of the Chinese delegates was reported to have commented:

"First, the League of Nations has not existed yet.

"Secondly, if a League of Nations should be organised, its power and authority would be problematical.

"Thirdly, the real ruling force in any league constituted at this time would be the same major Powers that composed the Council of Four (or Three) at Paris and made the decision on the Shantung question.

"Fourthly, it is not logical to assume that a League of Nations created by the same body as the Treaty and in conjunction with the Treaty can be expected to reverse the terms of the Treaty.

"Fifthly, it is only the so-called weak nations that are asked to depend for justice and security upon the League of Nations, while the so-called great Powers openly decline to rest their own positions and security on the League alone and plainly regard its assurance to be insufficient."

*The fact should be duly noted that the explanations given by the British and French were conveyed to the Chinese delegation by M. Pichon and Mr. Balfour, both being Ministers of Foreign Affairs and plenipotentiary delegates.

It cannot be denied that the assurance as to what the League of Nations could do to rectify any injustice done to China by the Shantung award was vague and inadequate.

Immediately after the substance of the Shantung settlement became known, the Chinese delegation formally requested a copy of the minutes of the meeting of the Council of Three in which the Shantung decision was finally reached. To this request no reply at all was received by the Chinese delegation. On May 1, Mr. Arthur J. Balfour, on behalf of the Council of Three, verbally informed the Chinese delegation of the settlement. The Chinese delegates renewed their request and asked for a copy of the draft clause to be inserted in the Peace Treaty and of the records of the proceedings of the Council bearing on the Kiaochow-Shantung question. Mr. Balfour did not reply until after the terms were handed to the Germans. On May 9, he sent to the Chinese delegation a draft of the Shantung provisions in the Treaty (which had already been made public at the Plenary Session of May 6 and given to the Germans the following day), together with a copy of the statement given out, May 5, by Baron Makino, senior member of the Japanese delegation. Pressed further for a copy of the minutes of the Council of Three, Mr. Balfour answered to the effect that the previous statements, written or verbal, and the press statement by Baron Makino, contained all that the Council thought it necessary to say then. The Chinese delegation made, then, several appeals to President Wilson for the records, but without avail. It was thus seen that the Chinese delegates were

denied complete information on the settlement which they were expected to accept without reservation.

On May 3, 1919, the Chinese delegation issued the following statement:

The Chinese delegation views with astonishment the settlement proposed by the Council of Three in regard to the Shantung question. China came to the Conference with confidence in the strong and lofty principles adopted by the Allied and Associated Powers as the basis of a just and permanent world peace. Great, therefore, will be the disappointment and disillusionment of the Chinese people over the proposed settlement. If there was reason for the Council to stand firm on the question of Fiume, there would seem all the more reason to uphold China's claim relating to Shantung, which involves the future welfare of 36,000,000 souls and the highest interests of peace in the Far East.

On the afternoon of May 1st, the Chinese Delegation was verbally informed by the Council of Three of an outline of the settlement. Under this settlement all rights in Kiaochow-Shantung formerly belonging to Germany are to be transferred without reservation to Japan. While Japan voluntarily engages to hand back the Shantung peninsula in full sovereignty to China, she is allowed to retain the economic privileges formerly enjoyed by Germany, which, the Delegation is informed, refer to the Tsingtao-Tsinan railway, 280 miles in length, the mines connected therewith, and two railways to be built connecting Shantung with the trunk lines running from Peking to the Yangtze Valley. In addition, she obtains the right to establish a settlement at Tsingtao. Though the Japanese military forces are, it is understood, to be withdrawn from Shantung at the earliest possible moment, the employment of special railway police is permitted.

The German rights in Shantung, it will be recalled, originated in an act of wanton aggression in 1897, characteristic of Prussian militarism. To transfer these rights to Japan, as the Council of Three has proposed to do, is therefore to perpetuate an act of aggression which has been resented by the Chinese people ever since its perpetration.

Moreover, owing to China's declaration of war against the Teutonic Powers on August 14, 1917, and the abrogation of

all treaties and agreements between China and these powers, the German rights automatically reverted to China. This declaration was officially notified to, and taken cognisance of, by the Allied and Associated Governments. It is therefore significant that the Council, in announcing the settlement of the Kiaochow-Shantung question, referred to the rights to be transferred to Japan as "rights formerly belonging to Germany." It appears clear that the Council has been bestowing to Japan rights, not of Germany but of China, not of the enemy but of an Ally. A more powerful Ally has reaped benefits at the expense, not of the common enemy, but of a weaker Ally.

Such virtual substitution of Japan for Germany in Shantung, serious enough in itself, becomes grave when the position of Japan in South Manchuria and Eastern Inner Mongolia is read in connection with it. Firmly entrenched on both sides of the Gulf of Peichili—the water outlet of Peking—with a hold on three trunk lines issuing from Peking and connecting it with the rest of China, the capital becomes but an enclave in the midst of Japanese influence.

Besides, Shantung is China's holy land, packed with memories of Confucius and hallowed as the cradle of Chinese civilisation. If it is the intention of the Council to restore it to China, it is difficult to see on what consideration of principle or expediency can be justified the transfer in the first instance to an alien power who then "voluntarily engages" to hand it back to its rightful owner.

Japan has based her claim for the German rights in Shantung also on the treaty notes of 1915 and on the notes of 1918 with China. It is to be noted, however, that the documents of 1915 were agreed to by China under the coercion of an ultimatum from Japan threatening war in case of non-compliance with the Twenty-one Demands. The notes of 1918 were made by China as a price for Japan's promise to withdraw her troops whose presence in the interior of Shantung as well as the establishment of Japanese civil administration bureaux therein had aroused such popular opposition that the Chinese Government felt constrained to make the arrangement.

The Chinese Delegation understands that the decision of the Council has been prompted by the fact that Great Britain and France had undertaken in February and March, 1917, to support at the Peace Conference the claim of Japan to German rights in Shantung. To none of these secret agreements, however, was

China a party, nor was she informed of their contents when she was invited to join the war against the Central Powers. The fortunes of China appear thus to have been an object of negotiation and compensation after she had already aligned herself with the Allied cause. Apart from this, it is at least open to question how far these agreements are still applicable, inasmuch as China has since become a co-belligerent. The claims of Japan referred to in these agreements appear, moreover, scarcely compatible with the Fourteen Points formally adopted by the Powers associated against Germany.

If the Council has granted the claims of Japan in full for the purpose of saving the League of Nations, as has been intimated to be the case, China of course would have less reason to complain, believing as she does that it is a duty to make sacrifices for such a noble cause as the establishment of a League of Nations. The Chinese delegation cannot, however, refrain from wishing that the Council had seen fit, as it would be far more consonant with the spirit of the League now on the eve of formation, to call upon strong Japan to forego her claims animated only by a desire for aggrandizement, instead of upon weak China to surrender what was hers by right.

On May 4, the Chinese delegation issued another statement to the press, which reads as follows:

New light on the settlement of the Kiaochow-Shantung question has made the Chinese Delegation indignant. Though three days have elapsed since settlement by the Council of Three was announced, no official written communication on the details of the settlement has yet reached the Delegation. While still waiting in suspense, the Delegation has learned with surprise that the clauses to be inserted in the Peace Treaty relating to the Shantung question are worded in the sweeping language of conquest. These clauses go further than what was even suspected. Japan is given everything which Germany obtained from China by aggression, and more.

Japan is given all her rights, titles or privileges—concerning especially the territory of Kiaochow, the railways, the mines and the submarine cables—which Germany acquired by virtue of treaty concluded by her with China, March 6, 1898, and of all other acts concerning the Province of Shantung.

Japan is given all German rights in the Tsingtao-Tsinan Railway, including its branches and the mines thereto attached.

Japan is given all the German submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo.

Japan is given all the German public property rights movable and immovable in the territory of Kiaochow.

Although China has the best title to these rights, which are all in Chinese territory, not a word is said in the draft clauses as to what rights China may expect to recover for herself. It is left entirely to Japan to say what she will be pleased to return to China and what to retain for her own enjoyment. The important fact seems to be altogether ignored that Shantung is a Chinese Province.

The Tsingtao-Tsinan railway was built with Chinese and German private capital. The whole line of 280 miles lies entirely in Chinese territory. To substitute Japan for Germany in the rights of the railway is to greatly endanger the welfare and security of the Chinese Republic, because Japan is much nearer to China than Germany, and because she already claims a sphere of influence in Manchuria closely to the north of Shantung.

Reading the draft clauses together with the outline of the Council's proposed settlement, it is clear that the Council makes China lose both ways: it has given Japan not only more than Germany had in Shantung, but also more than Japan claimed from China in the treaty of 1915 and the notes of 1918. The Council's proposed settlement seems to sanction, for example, the policing of the Shantung railway—a privilege which Germany did not exercise or claim, and, it is apprehended, substitutes a permanent Japanese settlement under Japanese control and administration for a German leasehold limited to a fixed period of years. By transferring to Japan all German rights in Shantung, as stated in the draft clauses, it also appears to give Japan preferential rights which she did not claim from China, such as in the supply of capital, materials or technical experts in Shantung Province.

The more the Chinese Delegation studies the proposed settlement the less it understands its meaning and purpose and the more it feels aggrieved. It will be difficult to explain to the Chinese people what the Peace Conference really means by justice.

In a letter, bearing the same date, to the President of the Council of Three, the Chinese delegation

expressed its "keen disappointment" and registered its formal protest against the settlement. The letter reads:

DELEGATION CHINOISE AU CONGRÈS DE LA PAIX

Paris, May 4, 1919.

Sir:

The Rt. Hon. Arthur J. Balfour, on behalf of the Council of Three, verbally informed the Chinese Delegates on May 1, 1919, of the settlement arrived at by the Council in regard to the Kiaochow-Shantung question. They were given to understand that the clause to be inserted in the Peace Treaty would be very general, to the effect that Germany should renounce all her rights in Kiaochow-Shantung to Japan; that the conclusion reached by the Council of Three regarding Kiaochow-Shantung was that all political rights formerly enjoyed by Germany were to be restored to China; and to Japan were to be given only the economic rights such as a settlement at Tsingtao, the railway already built (Tsingtao-Tsinan railway), the mines connected therewith, and two other railways to be built.

They were given to understand further that Japan had given explicit assurances to the Council that in exercising the rights thus given her, she will strictly observe the principle of the Open Door in letter and spirit, that she had announced to the Council that her policy was to restore full sovereignty in the Shantung Peninsula to China, and that she would not make any exclusive economic use of the port of Tsingtao or any discriminatory rates, rules or regulations for the railways. Japan had also stated to the Council that she would at the earliest possible moment hand back all the political rights to China and withdraw all Japanese troops from Shantung. In the arrangement of this settlement everything had been made so clear that no undesirable references could be drawn therefrom by Japan in regard to her position in the affairs of the Far East.

After listening to the outline of the proposed settlement communicated to them by Mr. Balfour, the Chinese Delegates expressed their disappointment, and requested him to be good enough to ask the Council of Three to send them at their earliest convenience a copy of the draft clause to be inserted in the Peace Treaty and of the records of the proceedings of the Council bearing on the Kiaochow-Shantung question.

The Chinese Delegation have carefully considered the above outline of the proposed settlement. They would have waited for the complete records before expressing their view of it, but for reasons of urgency, assuming that the above is a correct summary of what Mr. Balfour explained to them, the Chinese Delegation feel constrained to express their keen disappointment, which will be shared in all its intensity by the Chinese Nation, and enter a formal protest in the name of justice.

The declaration of war by China against Germany and Austria-Hungary on August 14, 1917, expressly abrogated all treaties, agreements and conventions between China and those Powers, a fact which was officially notified to, and taken cognizance of, by the Allied and Associated Powers. By this declaration, the rights and privileges formerly enjoyed in the Province of Shantung became null and void and China as the sovereign power in that province, became automatically reinvested of them. It is difficult to see on what grounds these rights can be taken from China and transferred to Japan.

Japan has presumably based her claim on the agreements of 1915 and on the notes of 1918 with China. The 1915 agreements were, however, concluded by China under coercion of a Japanese ultimatum threatening war. The Chinese Government was obliged to exchange the 1918 notes because the continued presence of the Japanese troops in the interior of Shantung and the unauthorized establishment of Japanese civil administrative bureaux which attempted to govern Shantung as Japanese territory, aroused such popular indignation and opposition that no other course seemed open to the Chinese Government to rid the Province of their presence.

If the Shantung peninsula is to be restored in full sovereignty, according to the proposed settlement, to China, the reason does not appear clear why recourse should be had to two steps instead of one, why the initial transfer should be made to Japan and then leave it to her to "voluntarily engage" to restore it to China.

Notwithstanding the proposed division of political and economic right, the substitution of Japan for Germany in Shantung so entrenches Japanese influence in this Province as to expose China to a greater menace than before because Japan is nearer to China than Germany.

China, in coming to the Peace Conference, has relied on the Fourteen Points set forth by President Wilson in his address

to Congress on the 8th of January, 1918, and the principles laid down in his subsequent addresses, and formally adopted by the Powers associated against Germany. She has relied on the spirit of honorable relationship between states which is to open a new era in the world and inaugurate the League of Nations. She has relied, above all, on the justice and equity of her case. The result has been to her a grievous disappointment.

The Chinese Delegation feel it to be their duty to register a formal protest with the Council of Three against the proposed settlement of the Kiaochow-Shantung question.

I have the honor to be, Sir,

Your most obedient humble servant,

(Signed) LOU TSENG TSIANG.

To the President, the Council of Three, Peace Conference, Paris.

On May 5, Baron Makino, in an attempt to explain what Japan proposed to do with the German concessions in Shantung thus awarded her, issued a statement to the press, in which he endeavoured to point out, in vague terms, that Japan would restore Shantung to China "in full sovereignty," retaining only the economic rights, formerly granted to Germany, and the right to establish a settlement under the usual conditions at Tsingtao.

On May 6, a Plenary Session was held, in which the summary of the "conditions of peace," including the Shantung settlement, was read to the delegates of all Powers participating in the Conference. At the Session, Mr. Lou Tseng-tsiang, head of the Chinese delegation, entered a formal protest, which was also designed as a reservation, notwithstanding that diplomatic influence had been brought to bear upon the Chinese delegates to prevent it. Mr. Lou said:

"The Chinese delegation beg to express their deep disappointment at the settlement proposed by the Council of the Prime

Ministers. They also feel certain that this disappointment will be shared in all its intensity by the Chinese nation. The proposed settlement appears to have been made without giving due regard to the consideration of right, justice, and the national security of China—consideration which the Chinese delegation emphasised again and again in their hearings before the Council of the Prime Ministers against the proposed settlement. In the hope of having it revised, and if such revision cannot be had, they deem it their duty to make a reservation on the said clauses now.”

This reservation was made in accordance with the instructions which the Chinese delegation had received from China. It marked the first move by the Chinese delegation to avert the Shantung settlement which was about to be perpetuated.

On May 7, the terms of peace were handed to the Germans. On the same day, a copy of the preliminaries of peace was sent to the Chinese delegation. This was the first opportunity that the Chinese had in examining the Shantung provisions in their details. It was suggested at the time that Mr. Harukazu Nagaoka, the expert draftsman attached to the Japanese delegation, prepared the Shantung clauses, which were finally embodied in the Treaty of Versailles. It was impossible, however, to confirm this fact, even in official circles. It was definitely known that the Drafting Committee of the Conference, upon direction from the Council of Three, prepared the Shantung articles in accordance with the decision which it had reached. Whether or not the Japanese expert was a member of the Drafting Committee of the Conference it was difficult to say. And it was equally difficult to ascertain whether he was, even as a member of the Committee, largely

responsible for the Shantung provisions. At any rate, those who were responsible for the Shantung clauses did not consult, apparently, the provisions prepared and submitted to the Conference by the Chinese delegation to be inserted in the preliminaries of peace with Germany.*

Then followed a period of careful deliberation and active planning—to decide upon China's best course to take at the Conference under the circumstances. Should China sign the Treaty of Peace with Germany? Or, should she bolt the Conference? It has since transpired that what the Chinese delegates had at first proposed to do was to sign the Treaty of Peace, with this reservation over their signatures: "Subject to the reservation made at the Plenary Session of May 6, 1919, relative to the question of Shantung (Articles 156, 157 and 158)." This decision was communicated to M. Clemenceau, President of the Conference, in the following letter:

DELEGATION CHINOISE AU CONGRESS DE LA PAIX

May 26, 1919.

Mr. President:

The Council of Prime Ministers having announced on April 30th their conclusion in respect of the question of the disposal of German rights in the Chinese Province of Shantung, I, in behalf of the Chinese Delegation, addressed to the Council a formal protest against it on May 4th. Subsequently at the Plenary Session of the Preliminary Peace Conference on May 6th when a summary of the Conditions of Peace with Germany was read, I made a reservation on the clauses relating to the disposal of German rights in Kiaochow-Shantung, which appeared to be based exclusively upon the Council's conclusion.

In the evening of May 7th, after the German Plenipotentiaries had been handed the full text of the "Conditions of Peace," the

* *Vide* Appendix I.

Chinese Delegation received a copy of the text from the Conference. Examination of Articles 156, 157 and 158, which deal with the Kiaochow-Shantung question, makes China's disappointment all the more poignant. Not only no provision is made therein for safeguarding the rights of China as the territorial sovereign over the entire Province of Shantung and insuring the welfare of the millions of Chinese people who have inhabited it from time immemorial, but the said three Articles are also couched in such language as unmistakably to convey the painful impression to the Chinese people, who yield to none in their love for their fatherland, that the transfer of all the rights, title and privileges provided therein, while nominally asked of Germany, is in reality to be made only at the expense of a loyal partner in the war on the side of the Allied and Associated Powers.

The announcement of the Council's conclusion on the Kiaochow-Shantung question has caused a nation-wide disappointment in China and evoked voices of protest from the Chinese people everywhere. The Chinese Delegation have received messages from the Parliament, the Provincial Legislatures, the Chambers of Commerce, Educational and Agricultural Associations, and other important organizations both in China and abroad, urging the Chinese Delegates not to sign the Treaty of Peace with Germany.

In view of this unmistakable indication of the views of the Chinese people, the Chinese Government have little choice as to the course open to them to take vis-à-vis the Treaty of Peace with Germany; but sincerely desirous to avoid, if possible, any step capable of being construed as marring the unity of purpose of the Allied and Associated Powers in restoring peace to the world, as in prosecuting the war against Germany, they have decided to sign the Treaty of Peace with Germany under the reservation already made at the Plenary Session held on May 6th, in respect of the clauses relating to the transfer of German rights in Shantung. In coming to this decision, the Chinese Government desire to assure you, however, that their objection is not to the renunciation by Germany of her rights, title, and privileges in Shantung, but solely to such renunciation being made in favor of Japan, to the prejudice of China's sovereign rights.

Pursuant to instructions from my Government, I have the honor, therefore, to inform you that the Chinese plenipoten-

tiaries will sign for the Republic of China the Treaty of Peace with Germany under the reservation made and recorded in the minutes of the proceedings of the Plenary Session of the Preliminary Peace Conference on May 6, 1919.

I avail myself of this opportunity to renew to you, Sir, the assurances of my highest consideration.

LOU TSENG TSIANG.

Son Excellence MONSIEUR CLEMENCEAU,

President of the Peace Conference.

On May 28, the receipt of the foregoing communication was acknowledged by the Secretary General of the Conference, who stated that it had been transmitted to the Principal Powers represented in the Supreme Council. For almost a month, the Chinese delegation received no word from the Conference. On June 24, the Chinese delegation was informed by the Secretary General on behalf of the President of the Conference that reservations in the text of the Treaty of Peace were not permissible.

In this connection, it should also be noted that, on May 28, the Chinese delegation again wrote to the Council of Three, asking for a copy of the minutes of its proceedings bearing on the Kiaochow-Shantung question. In his reply, June 5, Sir Maurice A. P. Hankey, Secretary to the Council, stated that the minutes of the Council were distributed only to the persons actually present at the meetings. He was authorised, however, to prepare a memorandum "for the strictly confidential use of the Chinese delegation," based on the records of the Council and containing assurances given by the Japanese. According to this memorandum,* which was virtually a transcript of the minutes of the Council of Three, the

* *Vide* Appendix L. This document has never been officially given out. It has remained presumably among the secret and confidential papers and records of the Peace Conference at Versailles.

Japanese delegates had reserved the right to fall back, in the last resort, on the Chino-Japanese treaties of 1915 and the secret agreements of 1918, for a settlement of the Shantung question. According to the same document, President Wilson who, together with Clemenceau and Lloyd George, heard the pleadings of the Japanese delegates and finally decided the case, expressed the hope that Japan, instead of appealing to these so-called treaties of 1915 and 1918, should voluntarily apply for mediation by the Council of the League of Nations. "President Wilson insisted that nothing he had said should be construed as a recognition of the notes exchanged between Japan and China (the treaties of 1915), because they were based upon original demands against which the Government of the United States had earnestly protested." The Japanese delegates pointed out, however, that even if the matter were submitted to the League of Nations, Japan nevertheless must reserve her right to base herself on the same agreements and treaties.

When the Chinese delegates were refused the right to insert a simple reservation over their signatures, they proposed to make it an annex to the Treaty. As no reservation of any kind was to be permitted in the text of the Treaty, the Chinese delegates were again refused. At noon time, Saturday, June 28, about three hours before the Versailles meeting where the Treaty of Peace with Germany was to be signed, Mr. Wu Wei-teh, Chinese Minister to France and one of the Chinese delegates, called at *Quai D'Orsay* to present a copy of the reservation as an essential preliminary to China's signing of the Treaty. It happened

that M. Clemenceau was then at a conference with President Wilson at the Place des États-Unis. M. Dutasta, Secretary General of the Peace Conference, who received the Chinese representative at the Foreign Office, read the reservation to M. Clemenceau on the telephone, who evidently repeated it to President Wilson. In a few minutes, M. Dutasta reported that neither M. Clemenceau nor President Wilson approved of China's proposed reservation as a preliminary to signing. In the meantime, the same reservation was submitted to Premier Lloyd George with the same result. The reservation for which the Chinese delegates were anxious to gain the official recognition of the Conference was in the nature of a declaration, pointing out that their signing of the Treaty was not to be taken to preclude China from demanding a reconsideration of the Shantung question. It reads:

RESERVATION

In proceeding to sign the Treaty of Peace with Germany today, the undersigned, plenipotentiaries of the Republic of China, considering as unjust Articles 156, 157 and 158 therein, which purport to transfer the German rights in the Chinese Province of Shantung to Japan instead of restoring them to China, the rightful sovereign over the territory and a loyal co-partner in the war on the side of the Allied and Associated Powers, hereby declare, in the name and on behalf of their Government, that their signing of the Treaty is not to be understood as precluding China from demanding at a suitable time the reconsideration of the Shantung question, to the end that the injustice to China may be rectified in the interest of permanent peace in the Far East.

(Signed) LOU TSENG TSIANG.

CHENG TIEN THOMAS WANG.

June 28, 1918.

To His Excellency GEORGES CLEMENCEAU,
President of the Peace Conference,
Versailles.

This suggestion was again refused, on the ground that no reservation of any kind should be permitted before the Treaty was signed. China was given the right to make a declaration after the signing of the Treaty. The Chinese delegates questioned, of course, the validity of a declaration made after the signing of the Treaty. In a spirit of compromise, the Chinese proposed a modification of the language in their declaration, and urged the right to make it in advance of signing. But the Principal Powers were impervious.

“After failing in all these earnest attempts at conciliation, and after seeing every honourable compromise rejected, the Chinese delegation had no course open to them except to adhere to the path of duty to their country.” The Chinese delegates decided not to sign the Treaty of Peace with Germany. This decision was communicated to M. Clemenceau, President of the Conference, in the following letter:

DELEGATION CHINOISE

Pursuant to instructions from its Government, the Chinese Delegation notified you by letter of May 26, 1919, that the Chinese Plenipotentiaries would sign for the Republic of China the Treaty of Peace with Germany under the reservation made by the Chinese Delegation and recorded in the Protocol of the Plenary Session of the Preliminary Peace Conference on May 6, 1919, relating to Articles 156, 157, and 158 in the said Treaty relating to the Chinese Province of Shantung.

The Supreme Council of the Conference having ruled to admit no reservation of any kind, either in or outside the text of the Treaty, and having declined to accept before the signing of the Treaty every compromise compatible with their sense of right and justice, *even a declaration to the effect that the signature of the*

Chinese plenipotentiaries was not to be understood as precluding China from demanding at a suitable moment the reconsideration of the Shantung question, the undersigned, plenipotentiaries of the Republic of China, beg to inform you that they do not feel warranted to sign the Treaty at Versailles today. They are communicating the latest decision of the Supreme Council to their Government and meanwhile beg hereby to reserve, in the name and on behalf of their Government, the right of the Republic of China to take a final decision vis-à-vis the Treaty of Peace with Germany.

(Signed) LOU TESNG TSIANG.

CHENGTIEN THOMAS WANG.

Paris, June 28, 1919.

To His Excellency GEORGES CLEMENCEAU,
President of the Peace Conference.

This letter and the above copy of reservation were returned to the Chinese delegation by the Secretary General of the Conference on the day they were delivered (June 28). It was in this fashion that the Peace Conference at Versailles, dominated largely by President Wilson, Premier Lloyd George and Premier Clemenceau, reached the so-called Shantung settlement, then rejected the plea of the Chinese delegates to be allowed to sign the Treaty of Peace with Germany with a reservation, and finally refused, by returning the above two official notes to the Chinese delegation, China's just pleas a proper place in the records of the Peace Conference.

On June 28, at the ceremony of the signing of the Treaty, the Chinese delegates were conspicuous by their absence. They did not sign it. Thus the Shantung settlement embodied in the Treaty could not be binding upon China. In the evening of that day (June 28, 1919), the Chinese delegation issued the following statement to the press:

Feeling the injustice of the settlement of the Shantung question made by the Conference, the Chinese Delegation sent a formal protest to the Council of Prime Ministers under date of May 4, 1919, and made a reservation at the Plenary Session on May 6th last vis-à-vis the clauses concerning that question in the Conditions of Peace which, taking that settlement for their basis, purport to transfer German rights in the Chinese Province of Shantung to Japan instead of restoring them to China, the rightful sovereign over the territory and a loyal co-partner in the war on the side of the Allied and Associated Powers.

The announcement of the settlement evoked a nation-wide protest in China, which was participated in by the Chinese people in every part of the world. In view of the united opposition of public opinion, the Chinese Government had no course open to them except to decline to accept the clauses in question. To this effect they instructed the Chinese Delegation at Paris, who accordingly notified the President of the Peace Conference on May 26th last in a formal communication that they would sign the Treaty of Peace with Germany subject to the reservation made on May 6th last.

On May 28th last, the Secretary General of the Conference acknowledged the receipt of the notification and stated that it had been transmitted to the Delegations of the Principal Allied and Associated Powers represented in the Supreme Council. From that time on the Chinese Delegation received no word from the Conference on the matter of reservation.

It was not until the 24th instant that the Chinese Delegation was informed by the Secretary General on behalf of the President of the Conference that reservations in the text of the Treaty of Peace were not permissible, for want of precedent, though there is a notable precedent in the Treaty of Vienna, of June 9, 1815, which was signed by the Swedish plenipotentiary with a reservation made under his signature on three articles in the treaty.

What the Chinese Delegates first proposed to do was merely to write in the treaty over their signatures the words "Subject to the reservation made at the Plenary Session of May 6, 1919, relative to the question of Shantung (Arts. 156, 157 and 158)." When this insertion was refused, the Chinese Delegation proposed to make the reservation an annex to the treaty. On this being refused, they proposed to send to the President of the Conference, before proceeding to Versailles, a separate declaration

in writing to the effect that the Chinese plenipotentiaries would sign the treaty subject to the reservation of May 6th, which was intended to enable China, after the signing of the treaty, to ask for the reconsideration of the Shantung question. This, again, was refused, and the refusal was explained on the ground that the Supreme Council had decided to admit no reservation of any kind in the text of the treaty, or separate, before it was signed, but that the Delegation could send him a declaration after its signature.

As the validity of a declaration made after the signing of the treaty would be doubtful, the Delegation urged the right of making one in advance of it; but out of deference to the decision of the Council to admit no reservations whatever, it proposed a further modification of the wording, so the signing of the treaty by the Chinese plenipotentiaries might not be understood as precluding China from asking at a suitable moment for the reconsideration of the Shantung question. This proposal, to the surprise of the Delegation, was once again refused.

After failing in all these earnest attempts at conciliation, and after seeing every honorable compromise rejected, the Chinese Delegation had no course open to them except to adhere to the path of duty to their country. Rather than accepting by their signatures articles 156, 157, and 158 in the treaty, against which their sense of right and justice militated, they refrained from signing the treaty altogether.

The Chinese plenipotentiaries regret having had to take a course which appears to mar the solidarity of the Allied and Associated Powers; but they were firmly of opinion, however, that the responsibility for this step rests, not with themselves, who had no other honorable course to pursue, but rather with those, who, it is felt, unjustly and unnecessarily deprived them of the right of making a declaration to safeguard against any interpretation which might preclude China from asking for a reconsideration of the Shantung question at a suitable moment in future, in the hope that the injustice to China might be rectified later in the interest of permanent peace in the Far East.

The Peace Conference having denied China justice in the settlement of the Shantung question and having today in effect prevented them from signing the treaty without their sacrificing their sense of right, justice and patriotic duty, the Chinese

Delegates submit their case to the impartial judgment of the world.*

Underlying all this Shantung situation and China's refusal to sign the Treaty, there was, at the time, a serious misunderstanding, for which Japan was, it was asserted, mainly responsible. The Council of Three was led by the Japanese delegates to believe that the Chinese delegates were only "bluffing" when they declared that they would not sign the Treaty without a reservation on the Shantung provisions. Japan strongly objected, of course, to the reservation, while the "Big Three" were at first indifferent about it. It was a well-known fact that during the two months following the announcement of the Shantung settlement much pressure was brought to bear upon the Chinese delegates at Paris, and upon the Chinese Government at Peking, to induce them to affix their signatures to the Treaty unconditionally, and without reservation.

* The *New York Times* made this comment on the Chinese statement:

The statement of the Chinese delegates, explaining their refusal to sign the peace treaty, is dignified, and in striking good temper considering how deep is the grievance that China suffers in the decision of her Allies to withhold from her, and bestow upon Japan, that portion of her territory and sovereign rights which have been wrongfully in the possession of Germany.

Whatever the considerations of expediency that prevailed to induce the Conference of Paris to transfer to Japan Germany's ill-gotten "rights, title and privileges" in the Shantung province, was there a representative of any nation at Versailles, other than the beneficiary of the bargain, who did not sympathise with the attitude of the Chinese? French, British, Italian, American, every one of them must feel that in the same circumstances he would have refused to sign what Mr. Wilson, in a new message to his fellow countrymen, eloquently styles the "great charter for a new order of affairs in the world."

So far as China's interests are concerned, the "charter" confirms an old and bad order. The German highwayman is compelled to give up his

NOTE I

For an account of the exact circumstances under which the so-called Shantung decision was reached at the Versailles Peace Conference, none can excel, perhaps, that which was given by Mr. Ray Stannard Baker in his book, "What Wilson Did at Paris." It should be recalled that Mr. Baker headed the Intelligence Bureau of the American delegation, and was in the confidence of President Wilson. What he had to say about the Shantung disposition, no matter how accurate it might be, had, however, the appearance of an apology. Thus he said:

Of all the important decisions at the Peace Conference none worried the President so much as that relating to the disposition of the Shantung peninsula—and none, finally, satisfied him less. Not one of the problems he had to meet at Paris, serious as they all were, did he take more personally to heart than this.

plunder, but it is not restored to the owner—it is handed over to an unfriendly neighbour.

The war freed Alsace-Lorraine from Germany, and restored the provinces to France; freed Poland and gave it to the Poles; freed Bohemia and gave it to the Bohemians; freed Southern Austria and gave it to the Jugoslavs—although they had fought as Austrians. But China's province taken from the Germans is given to the Japanese.

The Chinese delegation, weeks ago, ceased to beg that the Shantung articles in the treaty draft be stricken out, or modified. In the end all they asked was that they be allowed to make a reservation when affixing their signatures. They were met with a refusal as flat as that delivered to the enemy when he appealed for the privilege of reserving on certain articles. How then could they have signed without, as their statement reads, "sacrificing their sense of right, justice and patriotic duty?"

It is safe to say that the Government of the United States under any Administration prior to Mr. Wilson's would never have consented to such bargaining away of the rights of a friendly nation. Mr. Wilson's acquiescence in it remains to be explained. Apparently he was consulted, although—lacking dependable information from the secret deliberations at Paris—a suspicion has been growing in the minds of Mr. Wilson's fellow-countrymen that his influence on, if not his interest in, the treaty terms came to an end after he obtained the approval of the conference to his League of Nations project.

He told me on one occasion that he had been unable to sleep on the previous night for thinking of it.

Those last days before the treaty was finished were among the hardest of the entire conference. The most difficult and dangerous problems had inevitably been left to the last, and had all to be finally settled in those crowded days of late April.

Consider, for a moment, the exact situation at Paris on April 29, when the Japanese-Chinese crisis reached the explosive point.

It was on that very day that the German delegates were coming morosely into Versailles, ready for a treaty that was not yet finished. The three—for Orlando had then withdrawn from the conference—had been gradually lengthening their sessions; the discussions were longer and more acrimonious. They were tired out. Only six days before, on April 23, the High Council had been hopelessly deadlocked on the Italian question. The President had issued his bold message to the world regarding the disposition of Fiume, and the Italian delegation departed from Paris with the expectation that their withdrawal would either force the hands of the conference or break it up.

While this crisis was at its height the Belgian delegation, which had long been restive over the non-settlement of Belgian claims for reparations, became insistent. They had no place in the Supreme Council and they were worried lest the French and British—neither of whom could begin to get enough money out of Germany to pay for its losses—would take the lion's share and leave Belgium unrestored. The little nations were always worried at Paris lest the big ones take everything and leave them nothing! Very little appeared in the news at the time concerning the Belgian demands, but they reached practically an ultimatum; if Belgium were not satisfied she also would withdraw from the conference and refuse to sign the treaty.

It was at this critical moment that the Chinese-Japanese question had to be settled. It had to be settled because the disposition of German rights in China (unlike Italian claims in the Adriatic) had to go into the German treaty before it was presented to Brockdorff-Rantzau and his delegates at Versailles; and because the Japanese would not sign the treaty unless it was settled. The defection of Japan, added to that of Italy and the possible withdrawal of Belgium, would have made the situation desperate.

The two principal things that Japan wanted at the Peace

Conference were: First, a recognition in the Covenant of the League of Nations of the equality of the nations and the just treatment of their nationals; and, secondly, the recognition of certain rights over the former German concessions in China (Shantung).

After a struggle lasting all through the conference, Japan had finally lost out in the meeting of the League of Nations Commission on April 11, in her first great contention. She was refused the recognition of racial or even national equality, which she demanded, although a majority of the nations represented on the League of Nations Commission agreed with her that her desire for such recognition was just and should find a place in the covenant.

Few people realise how sharply the Japanese felt this hurt to their pride; and a few people realise the meaning of this struggle, as a forerunner of one of the great coming struggles of civilisation—the race struggle. . . .

Having lost out in their first great contention the Japanese came to the settlement of their second demand with a feeling of irritation but with added determination. The Japanese delegates were the least expressive of any at the conference; they said the least; but they were the firmest of any in hewing to the line of their interests and their agreements. It must not be forgotten also, in all fairness, that the Japanese delegates, not less than the British, French and American, had their own domestic political problems and opposition, and that there were a powerful demand on Japan that, while all the other nations were securing some return for their losses and sacrifices in the war, Japan should also get some return.

At the same time Japan was in a stronger position than any other of the Allied and Associated Powers, except the United States. She had been little hurt, and much strengthened by the war. She was far distant from danger; she did not need the League of Nations as much as did the countries of Europe; and more than anything else, she occupied a strong legal status, for her claims were supported by treaties both with China and the Allies; and she was moreover, in a position, if she were rendered desperate to take by force what she considered to be her rights if the Allies refused to accord them.

At the dark moment of the war, the Spring of 1917, the British and French, in order to sharpen Japanese support of the allied cause, made private agreements to sustain the claims

of Japan at the Peace Conference to German rights in Shantung. It thus happened, in the Council of Three, for Orlando had then gone home, that two of the powers, Great Britain and France, were bound by their pledged word to Japan. Indeed, the British argued that they felt themselves indebted to the Japanese not only as a long friendly Ally but for helping to keep the Pacific free of the enemy while Australian troops were being transported to Europe and thus relieving a great burden for the British fleet. It must not be forgotten that China was also bound by the treaty and notes of 1915 and the notes of 1918 with Japan—although China vigorously asserted that all of these agreements were entered into upon her part under coercion by Japan. In fact, none of the Chinese Delegates at Paris had actually signed one of the agreements which he was now asking the conference to overthrow.

It was not only this wire entanglement of treaties which Mr. Wilson found in his advance, but it must be said, in all frankness, that, in opposing Japan's demands for economic privileges and a "sphere of influence" in China, he was also opposing a principle which every other strong nation at the conference believed in and acted upon, if not in China, then elsewhere in the world. Japan asserted that she was only asking for the rights already conceded to other nations. Japan was thus in a very strong position in insisting upon her claims, and China in a very weak position.

In this crisis Mr. Wilson was face to face with difficult alternatives. If he stood stiffly for immediate justice to China, he would have to force Great Britain and France to break their pledged word with Japan. Even if he succeeded in doing this, he still would have had to face the probability, practically the certainty, that Japan would withdraw from the conference and go home. This would not only keep Japan out of the league, but it would go far toward eventually disrupting the Peace Conference, already shaken by the withdrawal of Italy and the dangerous defection of Belgium. Such a weakening of the Peace Conference and of the alliance of the Great Powers would have the immediate effect of encouraging the Germans not to sign the treaty and of holding off in the hope that the forces of industrial unrest then spreading all over Europe might overwhelm France or Italy. It would also have a highly irritating effect upon all the Bolshevist elements in Europe—increasing uncertainty and the spread of anarchical conditions.

With Japan out of the association of western nations there was also the possibility, voiced just at this time in both French and British newspapers, that she would begin building up alliances of her own in the East—possibly with Germany and Russia. Indeed, if the truth were told, this was probably the most important consideration of all in shaping the final decision. It was the plain issue between the recrudescence, in a new and more dangerous form, of the old system of military alliances and balances of power, and the new system of world organisation in a League of Nations. It was the militaristic Prussian idea against the American Wilsonian idea.

No statesman probably ever had a more difficult problem presented to him than did Mr. Wilson upon the momentous 29th of April, 1919. At that moment three things seemed of extreme importance if anything was to be saved out of the wreckage of the world. The first was a speedy peace, so that men everywhere might return to the work of production and reconstruction and the avenues of trade everywhere be opened. Peace and work! The second was of supreme importance—keeping the great Allies firmly welded together to steady a world which was threatened with anarchy. It was absolutely necessary to keep a going concern in the world. The third was to perpetuate this world organisation in a league of nations; this the most important of all, for it had reference to the avalanche of new problems which were just ahead.

If the Conference were broken up, or even if Italy remained out, and Japan went out, these things would be impossible. On the other hand, if the Allies could be kept firmly together, peace established and a League of Nations brought into being there was a chance of going forward with world reconstruction on the broadest lines, and of the full realisation of the principles of justice laid down in the Armistice terms and accepted by all nations. The treaty, after all, is no final settlement; it is only one step in the great process of world reconstruction.

It was with all these considerations in view that the Shantung settlement was made by the Council of Three sitting in the President's house in the Place des États Unis—with the Japanese in full agreement.

It should be noted that the suggestion that Japan would withdraw from the Conference and keep herself out of the League of Nations was not generally

accepted. This might be the belief of President Wilson, but it was not shared even by his fellow commissioners to negotiate peace. On the other hand, it was generally held that Japan raised the issue of racial equality as a point for diplomatic bargaining, the surrender of which could easily be made a *quid pro quo* for satisfaction in her Shantung claims. Mr. Robert Lansing, former Secretary of State of the United States and one of the American Commissioners to negotiate peace with Germany, believed that Japan would *not* carry out her threat to refuse to accept the Treaty and enter the League of Nations. "I did not believe at the time, and I do not believe now, that Japan would have made good her threat. The superior international position, which she held as one of the Five Great Powers in the Conference, and which she would hold in the League of Nations as one of the Principal Powers in the constitution of the Executive Council, would never have been abandoned by the Tokio Government. The Japanese delegates would not have run the risk of losing this position by adopting the course pursued by the Italians." *

The case was carefully made out by Mr. R. S. Baker to show that President Wilson yielded to the Shantung decision under overwhelming circumstances, which permitted him no choice. As a matter of fact, it was President Wilson himself who was responsible for this decision. Mr. Lansing is again our authority. While denying any knowledge about the attitude of the British and French statesmen concerning the disposition of the Shantung rights, Mr. Lansing admitted that he did know that "the actual

* *The Peace Negotiations, A Personal Narrative*, p. 245.

decision lay with the President." "If he had declined to recognise the Japanese claims," Mr. Lansing said, "they would never have been granted nor would the grant have been written into the Treaty. Everything goes to show that he realised this responsibility and that the cession to Japan was not made through error or misconception of the rights of the parties, but was done deliberately and with a full appreciation that China was being denied that which in other circumstances would have been awarded to her." *

NOTE II

There was one interesting incident in connection with the Shantung question at the Versailles Peace Conference, which is but briefly referred to in the foregoing account, but which should be made as widely known as possible in order to show in its true light Japan's Prussian policy in China. We are referring to the threat of war by the Japanese Minister in Peking if the Chinese delegates at the Versailles Peace Conference were to make public the Chino-Japanese secret agreements of 1918 in regard to the construction of railways in Shantung, Manchuria, and Mongolia.

It may be recalled that about the end of January, 1919, the Principal Allied and Associated Powers were engaged in lively discussions over the Shantung question. Japan's case was heard on January 27, and that of China on the following day. Upon the suggestion by a member of the Council of Ten, before

* *Op. Cit.*, p. 247.

which the question was being debated, the Chinese delegates tentatively offered to submit all the secret agreements or understandings between China and Japan, in order to enable the Council to arrive at a right decision. This offer was made on January 28, 1919, and on February 2, we found Mr. Obata, the Japanese Minister who had just arrived in Peking, with his luggages hardly unpacked, protesting to the Chinese Foreign Office against the Chinese delegates' promise to make public the secret understandings. This hurried protest gave rise to a crop of "wild talks" and "exaggerated reports," some of which went to the extent of asserting that the Japanese Minister intimated war if the secret understandings of 1918 were submitted to the Council of Ten without Japan's permission. In truth, what the threat or the protest amounted to is this: the Japanese Minister tried to force the Peking Government either to instruct its delegates at Versailles not to make public the Chino-Japanese secret understandings of 1918, or to repudiate in advance anything they might say or any action they might take at the Peace Conference on the subject of secret agreements.

Curious to say that, after his hurried visit to the Chinese Foreign Office, the Japanese Minister called together an assemblage of foreign correspondents in Peking and explained to them what had actually taken place in the interview. He explained to them that he had warned the Chinese Government against the disclosure at Paris of the secret understandings entered into between Japan and China in the fall of 1918. He admitted that this warning was given in accordance with instructions received from the Jap-

anese delegates in Paris. No instructions on the subject, he stated, were received from Tokio.

A contemporary report asserted that, during the interview with the Chinese Foreign Minister, Mr. Obata intimated that Great Britain was so disturbed by strikes and internal troubles that no definite political or financial assistance could be expected from her. The United States was in no better position to help China, since by the Lansing-Ishii "agreement" she had recognised Japan's special interests in China. On the other hand, Japan was near, had an army and navy prepared to meet any emergency, and was in a position to assist China financially. At the time, he offered on behalf of the Japanese Government to hand over the unpaid balance of the loan of 20,000,000 yen contracted by Premier Tuan Chi-jui for the organisation of a model army for national defence (of which 3,000,000 yen had already been advanced), provided the Chinese delegates were to be instructed to follow Japan's lead at the Peace Conference. If, on the other hand, the Chinese delegates were not to be restrained in the activities in Paris, Japan would cancel the loan agreement altogether and demand the immediate repayment of 3,000,000 yen already advanced.

Somewhat in a more guarded language, the substance of this report was borne out by Chen Lu, the Acting Minister of Foreign Affairs. In a statement to the *Peking Leader*, he admitted that Mr. Obata presented two demands in his first call at the Chinese Foreign Office. "One demand was that the Chinese Government should instruct its delegates at Paris not to make public any Chino-Japanese secret treaties

without the consent of Japan, while the other demand was that instructions should be issued to the Chinese delegates to reconsider their unfriendly attitude towards Japan. In presenting these demands, Mr. Obata added that if they were not complied with by the Chinese Government, Japan would take such steps as she deemed necessary to protect her interests."

A reading of this authoritative statement is sufficient to explain the reported threat of war. In view of the fact, however, that the incident was differently reported at the time, and alternatively denied and asserted, it is better to let the Japanese Minister speak for himself. The following formed a part of a statement made by the Japanese Minister in Peking during an interview with the representatives of Reuter, the Associated Press, the *North China Daily News*, the *China Press*, the *North China Star*, and *Millard's Review*, on the morning of the fourth of February, 1919:

"I called at the Foreign Office simply in compliance with telegraphic instruction which I had received from the Japanese peace delegates at Paris, in the sense that the attention of the Chinese Government should be duly called to the fact that the Chinese peace delegates promised the publication of certain secret diplomatic documents which must not be made public without the previous consent of Japan. I have received no instructions whatever from Tokio in this matter, nor am I aware whether the Foreign Office in Tokio has approached the Chinese Minister accredited to Japan regarding the question. I never threatened the Chinese Government, as rumoured, that failing sure guarantee against the publication of the documents in question the Japanese Government would resort to arms. I did not refer, as alleged, to Britain's internal troubles as a reason why political and financial assistance could not be given China from that quarter. It is also a false rumour that I declared

that financial pressure would be brought to bear upon China. The Chinese Foreign Office has returned no reply to my warning yet, but I believe it has referred the matter to the Allied Legations."

This was the statement made by Japan's accredited Minister in Peking, and as such no one would find it necessary to question its accuracy. Furthermore, it was corroborated by a statement, presumably from the Japanese Foreign Office, to the effect that Mr. Obata had called the attention of the Chinese Government to the proposed publication by the Chinese delegates at Paris of the Chino-Japanese agreements of 1918 without the previous consent of Japan, but differing in one important respect that it was the Japanese Foreign Office at Tokio, not the Japanese peace delegation at Paris, as asserted by Mr. Obata, which had instructed him to take this step. This apparent discrepancy would have passed by without much notice and the whole incident might have been easily forgotten had it not been for the fact that a cocksure and most absurd statement was issued by the Japanese peace delegation at Paris, which, not only admitted nothing and denied everything, but also contradicted in the strongest language both the statement by the Japanese Foreign Office and that by the Japanese Minister in Peking. As one of the representatives to the Peace Conference, Viscount Chinda, Japanese Ambassador to St. James, denounced the whole incident as "absolutely without foundation." "On February 3rd," he said, "the *North China Star* and the *Peking and Tientsin Times* published a report that the Japanese Minister had brought pressure to bear on China and insinuated

that threats had been made with a view to restraining the action of the Chinese delegates in Paris. There was not the slightest foundation for these reports. No pressure was brought to bear, no threats were used, no secret treaties have been made, no bargain for Shantung Province or any Chinese territory has been advanced. We have not sought to control China and are not seeking to represent China at the Peace Conference." It may be added in passing that this statement was circulated by the Kokusai News Agency under the date of February 9, 1919:

On February 10, Baron Kijuro Shidehara, then Vice-Minister of Foreign Affairs and now Japanese Ambassador at Washington, said that Japan "simply called to China's attention the established procedure, according to which neither government has a right to publish confidential correspondence without previously consulting the other."

On February 11, Premier Chin Nun-hsun, with the approval of the President and the Cabinet, instructed the Chinese delegates at Paris to disclose to the Peace Conference all the secret agreements with Japan. On the following day, the Japanese delegates at Paris received similar instructions from Tokio.

On March 16, after a lapse of one month and half since the Chinese delegates first made their offer to the Council of Ten, the Chino-Japanese secret agreements of 1918, respecting the railway concessions in Shantung and in Manchuria and Mongolia, were published simultaneously in Peking and Tokio.

XI

THE SHANTUNG "SETTLEMENT" AND ITS AFTERMATH

THE unfortunate decision, ironically called a "settlement," reached by the "Big Three" at the Versailles Peace Conference, handing over the German rights and concessions in the Shantung province to Japan instead of China, was received with a moral indignation, which was well-nigh universal. Unfavourable comments found expression in the press of the world, and voices of righteous protest were echoed and re-echoed within the four corners of the earth. While it is not necessary to repeat these words of reproof, which can be consulted in the files of the contemporary newspapers, it may be highly interesting to refer to the attempts on the part of some of the authors of the "settlement," not only to defend it before the bar of public opinion, but also to make it palatable to those who had found it too bitter to taste.

On May 5, 1919, it may be recalled, Baron Makino, the senior Japanese delegate at the Peace Conference at Versailles, in an attempt to assuage the world's unqualified indignation, issued to the press in Paris a statement in which he pointed out that Japan's policy was "to return the Shantung peninsula in full sovereignty to China, retaining only the economic rights and privileges granted to Germany and the

right to establish a settlement under the usual conditions at Tsingtao."

The significant point in this statement was that Japan proposed to return Shantung to China "in full sovereignty"—something which China had never lost and Japan had never acquired.

The same point was emphasised again in the official statement given out on August 2, 1919, to the press in Tokio, by Viscount Uchida, then Japanese Minister of Foreign Affairs, which reads as follows:

VISCOUNT UCHIDA'S STATEMENT

It appears that, in spite of the official statement which the Japanese delegation at Paris issued on May 5 last, and which I fully stated in an interview with the representatives of the press on May 17, Japan's policy respecting the Shantung question is little understood or appreciated abroad.

It will be remembered that in the ultimatum which the Japanese Government addressed to the German Government on August 15, 1914, they demanded of Germany to deliver, on a date not later than September 15, 1914, to the imperial authorities, without condition or compensation, the entire leased territory of Kiaochow with a view to eventual restoration of the same to China. The terms of that demand have never elicited any protest on the part of China or any other Allied or Associated Powers.

Following the same line of policy, Japan now claims as one of the essential conditions of peace that the leased territory of Kiaochow should be surrendered to her without condition or compensation. At the same time abiding faithfully by the pledge which she gave to China in 1915, she is quite willing to restore to China the whole territory in question and to enter upon negotiations with the Government at Peking as to the arrangement necessary to give effect to that pledge as soon as possible after the Treaty of Versailles shall have been ratified by Japan.

Nor has she any intention to retain or to claim any rights which affect the territorial sovereignty of China in the province of Shantung. The significance of the clause appearing in

Baron Makino's statement of May 5, that the policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany, must be clear to all.

Upon arrangement being arrived at between Japan and China for the restitution of Kiaochow, the Japanese troops at present guarding that territory and the Kiaochow-Tsinan Railway will be completely withdrawn.

The Kiaochow-Tsinan Railway is intended to be opened as a joint Sino-Japanese enterprise without any discrimination in treatment against the people of any nation.

The Japanese Government have, moreover, under contemplation proposals for the re-establishment in Tsingtao of a general foreign settlement, instead of the exclusive Japanese settlement which by the agreement of 1915 with China they are entitled to claim.

In answer to the above statement, President Wilson issued, on August 6, the following, which, he said, was made not with the idea of correcting Viscount Uchida, "but only to throw a fuller light of clarification upon a situation which ought to be relieved of every shadow of obscurity or misapprehension":

PRESIDENT WILSON'S STATEMENT

The government of the United States has noted with the greatest interest the frank statement made by Viscount Uchida with regard to Japan's future policy respecting Shantung. The statement ought to serve to remove many misunderstandings which had begun to accumulate about this question.

But there are references in the statement to an agreement entered into between Japan and China in 1915 which might be misleading if not commented upon in the light of what occurred in Paris when the clauses of the Treaty affecting Shantung were under discussion. I therefore take the liberty of supplementing Viscount Uchida's statement with the following:

In the conference of the 30th of April last, where this matter was brought to a conclusion among the heads of the principal

Allied and Association Powers, the Japanese delegates, Baron Makino and Viscount Chinda, in reply to a question put by myself, declared that:

"The policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany, and the right to establish a settlement under the usual conditions at Tsingtao.

"The owners of the railway will use special police only to insure security for traffic. They will be used for no other purpose.

"The police forces will be composed of Chinese, and such Japanese instructors as the directors of the railway may select will be appointed by the Chinese Government."

No reference was made to this policy being in any way dependent upon the execution of the agreement of 1915 to which Count Uchida appears to have referred. Indeed, I felt it my duty to say that nothing that I agreed to must be construed as an acquiescence on the part of the Government of the United States in the policy of the notes exchanged between China and Japan in 1915 and 1918, and reference was made in the discussion to the enforcement of the agreements of 1915 and 1918 only in case China failed to cooperate fully in carrying out the policy outlined in the statement of Baron Makino and Viscount Chinda.

I have, of course, no doubt that Viscount Uchida had been apprised of all the particulars of the discussion in Paris, and I am not making this statement with the idea of correcting his, but only to throw a fuller light of clarification upon a situation which ought to be relieved of every shadow of obscurity or misapprehension.

WOODROW WILSON.

Statements similar to those given above and filled with the self-same assertion of restoring Shantung to China "in full sovereignty" were freely made at the time by the interested parties on both sides of the Pacific. The alleged purpose was, of course, to explain the exact nature of Japan's commitment. But was the explanation satisfactory? It cannot be denied that it was highly misleading. China had

never lost her sovereignty over the Kiaochow Bay territory, leased to Germany for ninety-nine years. To say, therefore, that the policy of Japan was to restore Shantung to China "in full sovereignty" was to assert what was known to be not true.

To prove the case we need but refer to the Lease Convention * of March 6, 1898. In the first Article of the Convention, it was stipulated that in leasing the Kiaochow Bay to Germany, His Majesty the Emperor of China reserved to himself "all rights of sovereignty" over the territory. In the third Article it was stipulated: "In order to avoid the possibility of conflicts, the Imperial Chinese Government will not exercise rights of administration in the leased territory during the term of the lease, but grants the exercise of the same to Germany." It is thus clear that what Germany had enjoyed during her occupancy and what the Chinese Government had voluntarily relinquished for the term of the lease of ninety-nine years, was the "rights of administration," and not the rights of sovereignty or sovereignty itself. To the students of International Law, and to those who are well versed in the theory of sovereignty, there is a world of difference between the two. In other words, China relinquished her "jurisdiction" over the territory for the term of lease of ninety-nine years, the word "jurisdiction" being generally used to designate the territorial scope within which a sovereign power may exercise its administrative authority and jurisdictional rights. On the other hand, "sovereignty" is, as the term has been understood in its legal acceptance, "a political authority without a

* *Vide* Appendix A.

political superior." Its distinct attributes are permanence, exclusiveness, and absoluteness, of which the German lease of Kiaochow Bay had none. "The jurisdiction of a nation within its own territory is necessarily exclusive and absolute," said Justice Marshall in the famous case of *Schooner vs. Ma-Faddon*, in 1812. "It is susceptible of no limitation not imposed by itself. Any restriction upon it, deriving validity from an external source, would imply a diminution of its sovereignty to the same extent in that power which could impose such restriction. All exceptions, therefore, to the full and complete power of a nation within its own territories may be traced up to the consent of the nation itself. They can flow from no other legitimate source. This consent may be either express or implied." In the case of Kiaochow Bay, it was China, the sovereign power, who gave this consent, that Germany was to exercise the right of administration over the leased territory for ninety-nine years. It is, therefore, evident that China had never lost or abandoned, either permanently or for the duration of the lease, her sovereignty over the territory; Germany had never acquired it; and Japan could under no circumstances claim it. How could it be explained, then, that Japan was to restore to China something which China had never lost? It seemed an impossible task which Japan had undertaken.

Now to go just one step further. For the sake of argument, let it be assumed that China, in leasing the territory to Germany, had lost her sovereignty over it, and that Japan was now to restore it to China in full. The question was raised: How could Japan

restore the Shantung peninsula "in full sovereignty" when she insisted at the same time upon the establishment of an exclusive settlement at Tsingtao, which could not be anything else but *an imperium in imperio* and which would be, therefore, a decided limitation of China's sovereignty over the territory? Baron Makino said that Japan's policy was to return the Shantung peninsula in full sovereignty, retaining only the economic privileges granted to Germany and the right to establish a settlement under the usual conditions at Tsingtao. He did not realise that he had contradicted himself in the statement. It ought to be clear to Baron Makino and to the others who had made the similar assertion that a foreign settlement on the Chinese territory, be it an international or an exclusive Japanese settlement, was a serious limitation of China's territorial sovereignty.

The plea of retaining only economic privileges in the Shantung province was hardly more effective. It is almost a commonplace to say that the economic privileges which a foreign Power enjoys in China carry with them many rights, which are political in nature. This seems to be true not only in China, but also in all the rich but weak countries which have been singled out by the strong for exploitation. According to the sweeping provisions of the Versailles Treaty, Japan got everything in Shantung that is of any value. It was feared that, with the railways, mines, and other economic weapons in her hands, Japan would make Shantung another South Manchuria. Japan had nothing at first in South Manchuria except the economic rights and privileges—the same kind of rights and privileges which she

proposed to have in Shantung. The belief was very generally held that what she had done and is doing in South Manchuria she would repeat in Shantung. In South Manchuria, Japan has controlled the South Manchurian Railway, and, thus, controlled the only means of transportation; she has closed the Manchurian door which is supposed to be open for international trade and commerce with equal opportunity; she has adopted the pernicious system of railway rebates and preferential tariffs, and thus discriminated foreign trade in Manchuria in favour of her own nationals; she has manipulated the Chinese Customs Houses in South Manchuria, in which a large number of Japanese has been employed in such a manner and to such an extent that the Chinese Customs Service has been made a safe and convenient channel of smuggling by Japanese merchants of opium and morphia to China; she has maintained a large number of troops and gendarmes as railway guards,—so many of them there are along the South Manchurian Railway that an American tourist has once remarked that Manchuria is nothing but a Japanese military camp; and aside from these so-called economic rights or privileges, which are highly political in character, as has been shown, Japan has established a large number of Japanese police stations in Manchuria, contrary to the treaty provisions between Japan and China, contrary to the recognised principles of International Law, and violating the territorial sovereignty of China. It was feared that these practices would be repeated in Shantung, together with the economic privileges which she claimed to enjoy there. And the fear seemed to have

been well founded in view of what Japan has been doing for the last six or seven years.

Irrespective of the profuse assurance by Japanese statesmen and diplomats, to restore Shantung "in full sovereignty" to China and to retain nothing but economic privileges, the Chinese people resorted to the only weapon which they knew they could use with good effect. They started a nation-wide boycott against Japanese goods, immediately following upon the decision reached at the Versailles Peace Conference on the Shantung question. They seemed to be utterly unappreciative of Japan's good wishes as expressed in her undertaking to restore Shantung to China in full sovereignty, to make the Kiaochow-Tsinan Railway a Chino-Japanese joint enterprise. They resented the "settlement"; they rejected it; but having no means to repudiate it, they resorted to nation-wide boycott. Their strong resentment was expressed, however, not only against Japan who had forced the "settlement." They also expressed it, in no uncertain fashion, on their own Government and their own officials. They went so far as to burn the house of one of the officials and inflict injuries upon them, whose previous dealings with Japan they considered to be responsible for the "settlement." Apparently, while violence was not their counsel, they had no hesitation to use it in expressing their just indignation. In no case is it truer that one reaps what he sows.

XII

THE SHANTUNG QUESTION IN THE SENATE

THE history of the Shantung question would be incomplete if we should fail to mention the extremely important part which the United States Senate had played in it.

The announcement of the "settlement" on April 30, 1919, in Paris, was followed by an immediate outburst of moral indignation throughout the world. In the United States, this sentiment was truthfully reflected in the press and in the Senate. There was not a single newspaper in the country, which considered the Shantung award as a just one, and there was not a single Senator, Democrat or Republican, who did not wish that a better disposition of the German rights and concessions in Shantung could have been found at the Versailles Peace Conference. Senator Johnson of California regarded it as "the blackest page in all our history." Senator Sherman of Illinois considered it as "the superlative treachery in the history of modern times." Senator Harding of Ohio (now President of the United States) declared that it was "an international immorality" and the "rape of the first great democracy of the Orient." Senator Lodge of Massachusetts, Chairman of the Senate Foreign Relations Committee, said that the Shantung award was "a great wrong," "an intolerable wrong," "to man and to the

cause of freedom and justice." Senator Reed of Missouri declared that he knew of "no similar picture of perfidy" "in all the history of the world" and "nothing blacker in the annals of treachery and double dealing between nations." Senator Norris said that the Shantung settlement shocked "the sensibilities of right and justice," and Senator Watson of Indiana considered it as a "fraud" and a "cancer" that vitiated the entire Versailles Treaty of Peace.

Of all the senatorial utterances, the one most typical and most true to the real sentiment of the overwhelming majority of the Senators was that by Senator Borah of Idaho, when he said, in a speech before the Senate, August 26, 1919:

"The Shantung affair is indefensible from any standpoint of morals or international justice or common decency. It is one of those things so immoral and unrighteous that we wish to approach it with deaf ears and closed eyes. We dread even to think about it. We loathe to be forced to attempt to defend it. It will dishonour and degrade any people who seek to uphold it. War will inevitably follow as the result of an attempt to perpetuate it. It is founded in immorality and revolting injustice. It is outside the pale of respectability even according to ancient standards. It shocks the conscience even of European diplomacy. Naked, hideous, and revolting it looms up before us as a monster from that cruel and shameless world which all had hoped and prayed was forever behind us. It smacks of all the iniquities of European adjustments. Indeed perhaps it has no parallel when all its features are considered."

On the other hand, there were quite a few Senators who honestly believed that Japan could be relied upon to keep her word and return Shantung rights to China, trusting to the League of Nations for readjustment. There were others who, out of their party loyalty, justified or attempted to justify the

Shantung settlement on the ground that it was the best settlement obtainable under the existing circumstances then.

It has often been said that it was not due to love for China, but to hatred of President Wilson, that the Republican Senators seized upon the Shantung question to defeat the Versailles Treaty. It must also be said that the vigorous opposition by the Republican majority to the Shantung award could not and should not be dismissed either as mere sentimentality or as partisan politics. With the American people, as with most of the Senators, it was a simple question of fact and justice. It could not be said that most Americans were anti-Japanese or pro-Chinese, anti-Wilson or pro-Lodge, but it could be safely assumed that they believed that the Shantung decision was a rank injustice to China, to which the United States must not be a consenting party, and for which the United States, as a traditional friend of China, should endeavour to bring about an early redress.

Now leaving aside the torrent of senatorial eloquence upon the Shantung question, we come to the different attempts or steps which the Senate made, either to express its distinct disapproval of the Shantung settlement or to suggest means of remedy and redress. In their eager search for information, the members of the Senate Committee on Foreign Relations held, on August 19, 1919, a conference at the White House, with President Wilson, seeking to be authoritatively and correctly informed as to the exact understanding about the return of Shantung to China. The Senate Committee on Foreign Relations

also called before it, August 9, 20, and 22, 1919, Mr. Thomas F. Millard, Dr. John C. Ferguson, and Professor E. T. Williams to give their opinions on the Shantung settlement. Even Secretary Lansing, one of the American Commissioners to negotiate peace at Paris, was called before the Committee to testify, first on August 6, and then on August 11, 1919.

On July 10, 1919, Senator Borah submitted the following resolution (Senate Resolution No. 116), which was referred to the Committee on Foreign Relations:

"Resolved, That the President be requested, if not incompatible with the public interest, to send to the Senate a copy of any letter or written protest by any member or members of the American Peace Commission against the disposition or adjustment which was made with reference to Shantung, and particularly a copy of a letter written by General Tasker H. Bliss, member of the Peace Commission, on behalf of himself; Robert Lansing, Secretary of State; and Hon. Henry White, members of the Peace Commission, protesting against the provisions of the treaty with reference to Shantung.

"2. Any memoranda or other information in the possession of the American Peace Commission or any member thereof, with reference to the attempt of Japan or her peace delegates to intimidate the Chinese peace delegates and to control the action of the said Chinese delegates through and by means of intimidation."

The Committee on Foreign Relations, to which this resolution was referred, reported it back to the Senate favourably on July 15, 1919. It was, however, amended by inserting "or of any officials attached thereto" after "letter or written protest by any member or members of the American Peace Commission." Thus amended, the resolution was agreed to by the Senate, July 17. In due course, it was sent

to the President. But President Wilson refused either to disclose the letter by General Tasker H. Bliss or to admit that he had any knowledge of the fact that the Japanese delegates to the Versailles Peace Conference sought to influence the Chinese delegates through means of intimidation. The latter it was obviously improper for the President to admit, and the former he refused to disclose on the ground that it contained criticisms about other Powers which it was quite proper for one Peace Commissioner to make in a confidential communication to another, but which he considered inexpedient to make public.*

In an effort to put the Senate on record as disapproving the Shantung settlement, Senator Spencer of Missouri offered, on July 17, 1919, this resolution (Senate Resolution No. 125):

“Resolved, That the Senate expresses its deep regret at the provisions of the Treaty (Sections 156, 157, and 158), which transfer to Japan such broad rights and powers and physical possession over the territory and people in the Shantung peninsula of China, as being alike disregardful of the true rights and deep-seated desires of more than 36,000,000 of Chinese inhabiting the peninsula, unjust to the Republic of China, and threatening to the future peace of the world.

* In his letter to the Senate, August 11, 1919, President Wilson said: “In reply to this request, let me say that General Bliss did write me a letter in which he took very strong grounds against the proposed Shantung settlement, and that his objections were concurred in by the Secretary of State and Mr. Henry White. But the letter cannot be properly described as a protest against the final Shantung decision, because it was written before that decision had been arrived at, and in response to my request that my colleagues on the Commission apprise me of their judgment in the matter. The final decision was very materially qualified by the policy which Japan undertook to pursue with regard to the return of the Shantung peninsula in full sovereignty to China. I would have no hesitation in sending the Senate a copy of General Bliss’s letter, were it not for the fact that it contains references to other Governments, which it was perfectly proper for General Bliss to make in a confidential communication to me, but which I am sure General Bliss would not wish to have repeated outside our personal and intimate exchange of views.”

"It is the sincere hope of the United States that this manifest injustice may be speedily reconsidered and remedied."

The resolution was referred to the Committee on Foreign Relations without debate. It represented one of the early attempts on the part of the United States Senate to express its disapproval of the Shantung settlement. It should be noted that this resolution was offered to voice the sentiment of the United States Senate, and not intended by its sponsor to connect it with the ratification of the Versailles Treaty.

On July 15, 1919, Senator Poindexter submitted the following resolution (Senate Resolution No. 122), which was referred to the Committee on Foreign Relations and was rejected:

"Resolved, That the Senate does not advise and does not consent to that article of the pending proposed treaty with Germany, China, Japan and other nations by which Shantung, a part of China, is transferred to the jurisdiction of Japan."

On August 20, 1919, Senator Owen of Oklahoma submitted the following resolution (Senate Resolution No. 169), which was referred to the Committee on Foreign Relations and was also voted down:

"The Senate has ratified the treaty upon the express understanding that the Japanese Government will fully and speedily carry out the pledge made to the Chinese Government in May, 1915, with regard to the Shantung peninsula and has every confidence of the faithful and early compliance with this pledge."

It may be frankly stated that Senator Owen did not appear to be sincere in his purpose nor the resolution he proposed seem to be an adequate remedy for

the injustice of the Shantung settlement. Was Senator Owen mindful of the fact that Japan had made no "pledge" to China in May, 1915, with regard to the Shantung province? There was an agreement forced upon China in May, 1915, for the eventual settlement of the Shantung question, the terms of which China sought to repudiate. They were based upon the notorious Twenty-one Demands, as we have shown in a previous chapter, against which the United States herself had protested. To say that the Senate ratified the Versailles Treaty with the express understanding that Japan would "speedily carry out the pledge made to the Chinese Government in May, 1915," would be tantamount to encouraging Japan to insist upon the enforcement of the Twenty-one Demands and lending her the moral sanction of the United States Senate. Besides, it seemed highly questionable if Senator Owen had really "every confidence" in Japan in the execution of her international pledges. The very fact that he introduced the above resolution indicated his lack of it.

On August 23, 1919, the Committee on Foreign Relations by a majority of one voted an amendment to Articles 156, 157, and 158 of the Treaty of Peace with Germany, substituting the name "China" for the name "Japan" so that all the German leasehold rights in Shantung and all German concessions and rights in Kiaochow Bay, which Germany was made to renounce in favour of Japan by the said Treaty of Peace, would by this amendment be transferred to China instead of Japan.

This amendment constituted a radical reversal of the terms of the Treaty of Peace, and if passed by the

Senate, it would have placed the United States in the most embarrassing situation wherein she would find herself utterly unable to compel its acceptance by Japan or by the other signatory Powers. If the Senate had been sufficiently far-sighted and passed, before the signing of the Versailles Treaty of Peace with Germany, a resolution to the effect that it would refuse to ratify any peace treaty that handed German rights and concessions in Shantung to Japan instead of China, such a resolution might have opened the eyes of those statesmen responsible for the "settlement" to its crass injustice and prompted them to pursue a different course. To undo the mischief after it had been done—for that was what the amendment amounted to—would be impractical, if not exactly impossible.

The impractical nature of the amendment was quickly realised by the Senators responsible for it. They immediately changed their tactics. On November 4, 1919, Senator Lodge proposed "to strike out the Shantung articles, instead of the previous amendment or series of amendments from the Committee, which proposed to strike out the word 'Japan' and insert the word 'China'." A vote was taken on the amendment, or proposal, and it was rejected by 41 to 26, with 29 Senators not voting.

The rejection of the proposal, which was, in effect, nothing short of a textual amendment of the Versailles Treaty of Peace with Germany was clearly foreseen. Senator Lodge, as Chairman of the Committee on Foreign Relations, had introduced this amendment perhaps as a test of his strength. It is reasonable to suppose that he must be well aware

that leaving out the Shantung provisions from the Versailles Treaty was by no means meeting the issue. It would seem that the United States sought to dodge it. Perhaps Senator Lodge was merely exercising his parliamentary tactics by presenting the drastic amendments first, so as to prepare the senatorial state of mind for more moderate reservations which he really meant to offer.

That this was the case was confirmed by the events in the days to come. With the rejection of the proposal to strike out the Shantung clauses from the Treaty, Senator Lodge proposed, after much deliberation and manœuvring, the following reservation, to be made a part of the resolution of ratification of the Treaty of Peace with Germany:

“The United States withholds its assent to Articles 156, 157 and 158 and reserves full liberty of action with respect to any controversy which may arise under said articles between the Republic of China and the Empire of Japan.”

In the meantime, Senator McCumber of North Dakota offered the following reservation, which he intended to make a part of the resolution of ratification of the Treaty of Peace:

“That in advising and consenting to the ratification of said treaty, the United States understands that the German rights and interests, renounced by Germany in favour of Japan under the provisions of Articles 156, 157, and 158 of said treaty, are to be returned by Japan to China at the termination of the present war by the adoption of this treaty as provided in the exchanged notes between the Japanese and Chinese Governments of date May 25, 1915.”

That such a reservation would be rejected by the Senate was also foreseen. Its futility was self-

evident. It repeated the same mistake which Senator Owen made in his resolution by referring to the notes exchanged between China and Japan, May 25, 1915. Nothing could suit Japan better than a suggestion, not to say a direct invitation by the Senate of the United States, to settle the Shantung question according to the terms of the notes and treaties of May 25, 1915. In fact, this was what the Japanese delegates had insisted upon—to fall back on the notes and treaties of 1915 as the final basis for the disposition of the Shantung dispute.* Besides, it was inaccurate to consider the war as terminated “by the adoption of this treaty.” The adoption by the United States of the treaty would surely end the war with Germany. But was the Senator aware of the fact that China had refused to sign the Versailles Treaty of Peace, and that a state of war continued to exist, therefore, between China and Germany?

On November 15, 1919, Senator McCumber offered what he styled a “compromise reservation” on the Shantung question, which he intended to take the place of the one offered by Senator Lodge. It reads:

“The United States refrains from entering into any agreement on its part in reference to the matters contained in Articles 156, 157, and 158, and reserves full liberty of action in respect to any controversy which may arise in relation thereto.”

Senator Smith of Georgia also sought to amend the Lodge reservation by striking out the words, “withholds its assent to Articles 156, 157, and 158.”

On the same day, Senator Jones of Washington proposed that, at the end of two years from the date of the exchange of the ratifications of the Versailles

* *Vide* Chapter X and Appendix L.

Treaty, China's sovereignty over the Shantung province should be fully and completely restored to her.

Senator Pittman of Nevada proposed, as a substitute for the Lodge reservation, the following:

"Provided, That in advising and consenting to the ratification of said treaty the United States understands that the German rights and interests, renounced by Germany in favour of Japan under the provisions of Articles 156, 157, and 158 of said treaty, are to be returned by Japan to China at the termination of the present war by the adoption of this treaty as provided in the exchanged notes between the Japanese and Chinese Governments of date, May 25, 1915."

It should be noted that this reservation bore a strong family resemblance, not only in purpose but also in language, to the one submitted by Senator McCumber. It was justly rejected by 50 to 39, with six senators not voting.

The final reservation on the Shantung settlement took the following shape, leaving out the last phrase "between the Republic of China and the Empire of Japan": "The United States withholds its assent to Articles 156, 157 and 158 and reserves full liberty of action with respect to any controversy which may arise under said articles." The omission of the last phrase from the original draft was, it was alleged at the time, due to the desire to avoid anything that would reflect upon the good faith of the Japanese Government.

The Shantung reservation as thus amended was included, together with other reservations, in the resolution of ratification of the Versailles Treaty. They were made a part and condition of the ratifica-

tion, which was "not to take effect or bind the United States until the said reservations and understandings adopted by the Senate have been accepted by an exchange of notes as a part and a condition of this resolution of ratification by at least three of the four principal Allied and Associated Powers, to wit, Great Britain, France, Italy and Japan."

The resolution was rejected by the Senate, with the result that the Treaty of Peace with Germany was never ratified by the United States Senate.

But the Senate had not yet heard the last of the Shantung question. In the midst of direct negotiation between the Chinese and Japanese delegates at the Washington Conference, Senator Walsh of Montana introduced, on January 20, 1922, a resolution, reciting the history of the question and calling upon President Harding for information as to the progress of the Chino-Japanese negotiations.* The submission of this resolution caused a renewal of lively discussion of the subject. The resolution was "ordered to lie over under the rule" of the Senate, and it was not taken up again. Senator Underwood said in the debate:

"I wish to say that under the Administration of Mr. Wilson and under the Administration of President Harding our country has occupied a position in reference to Shantung that cannot be controverted. We have contended from the beginning that this territory of a right was the territory of China and have offered our good offices on all occasions to try to secure the return of that territory to China.

"The attitude of the American delegation at the conference now being held in Washington has been exactly the same as the representations made by the Government of President Wilson

* For text of the resolution, *vide* Appendix O.

and the Government of President Harding. The question has not been directly before the Conference and manifestly it cannot come before the Conference until it is settled between the Governments of China and Japan, because seven of the powers sitting in the Conference are signatory to the Treaty of Versailles and, of course, cannot deny the conclusions reached in that treaty with reference to this territory until an agreement is reached between China and Japan. Therefore, seven of the powers are unable to discuss the question as between Japan and China because they have already committed themselves by treaty.

"It cannot be taken up directly in the conference, but for many weeks the matter has been pending between the Government of China and Japan in a conference of their delegates in Washington, and although the American Government is not directly concerned and cannot be directly concerned in that conference, the good offices of our Government and the earnest desire of the American delegates to the Conference have been constantly in favour of working out an agreement by which the sovereignty of Shantung and the territorial integrity of Shantung shall be returned to the Republic of China."

It should be pointed out that The Netherlands was not a signatory Power to the Versailles Treaty. It is six, therefore, and not seven, out of the nine Powers attending the Washington Conference who were bound by the Versailles settlement. Still, the question raised by Senator Johnson of California remained unanswered: If Shantung was barred from consideration because of the Treaty of Versailles, why the Pacific Islands, covered by the same treaty, were not also barred from consideration by the Washington Conference?

XIII

THE RAILWAYS IN SHANTUNG

OF all the questions that enter into consideration regarding the Shantung settlement, the most serious is admittedly the acquisition by Japan of the Chinese-German railways in the province and of the right to construct more lines as outlined in the notes exchanged between the Chinese Minister to Japan and the Japanese Minister of Foreign Affairs, September 24, 1918. The question naturally falls under two heads: the lines already constructed and operated and the lines projected or merely agreed upon. To the former class belong the Shantung Railway, generally called Kiaochow-Tsinan Railway (or merely Kiao-Tsi Railway), and its branch lines, while to the latter belong the two projected lines, one from Tsinanfu to Shuntehfu and the other from Koami to Hsuehowfu as planned in the notes referred to in the above.

The Shantung Railway, or the Kiao-Tsi Railway, as the Chinese have called it, is the general name for the lines which were operated in Shantung under German management before the war, and which have fallen into Japanese hands since September, 1914. The forcible seizure of the Shantung Railway was made by Japan under the pretext of military necessity, as has been shown in a previous chapter. The line traverses the province of Shantung, a large por-

tion of which was neutral territory during the Japanese attack upon Tsingtao, and its northern terminus at Tsinanfu is more than two hundred miles away from the German leased territory, which was the scene of military operation. In distinct violation of the specific provisions in the Hague Convention of 1907 in regard to neutral territory and neutral property, and in distinct violation of the ordinary rules of International Law regarding such matters, Japan, under the pretext of "military necessity," seized the railway, and has kept it and policed it ever since with Japanese soldiers.

The seizure was illegal and unwarranted. With the blessing by the Versailles Peace Conference, Japan has not only justified her past action, but also claimed to keep by right what she had seized by might. The Peace Conference had, as we have noted, acted according to political expediency. The contention remains nevertheless unanswerable that the Japanese possession of the Shantung Railway can never be legally confirmed without China's willing consent. The Chinese delegates at the Peace Conference refused to sign the Shantung "settlement," which is "as monstrous a proposition as has ever been proposed to civilisation." And it is almost axiomatic to say that, so long as China has not recognised the settlement, Japan has no more right to the railway or to the other concessions in Shantung than Great Britain or the United States might have to the coal mines in Alsace-Lorraine if they had been taken away from France without her consent.

It is to be recalled that the construction of the Shantung Railway was based on the Peking Treaty

of 1898, in which Germany was given the right to construct railways and develop mines in the province. "The Chinese Government sanctions the construction by Germany of two lines of railway in Shantung. The first will run from Kiaochow and Tsinanfu to the boundary of Shantung province via Weihsien, Tsinchow, Poshan, Tzechwan and Suiping. The second line will connect Kiaochow with Chinchow, whence an extension will be constructed to Tsinan through Laiwuhsien." The railway was laid and operated by the Schantung Eisenbahn Gesellschaft, or the Shantung Tieh-lu-kung-sze, which was established in June, 1899, as a Chino-German joint concern. "In this Company both German and Chinese subjects shall be at liberty to invest money as they so choose, and appoint directors for the management of the undertaking." "Profits derived from the working of these railways shall be justly divided *pro rata* between the shareholders without regard to nationality." The original capital of the Company was 54,000,000 marks, but when the Company took over the rights and property of the Shantung Mining Company on January 1, 1913, the capital was increased to 60,000,000 marks, divided into 60,000 shares of 100 marks each. The annual meeting of the Shantung Railway Company held at Berlin in June, 1914, passed a resolution authorising an increase of the capital by 10,000,000 more marks, in order to erect iron and steel works at Tsang-kow near Tsingtao. This, however, was not carried out because of the outbreak of the war.

The construction work of the railway was started in the presence of Prince Henry of Prussia, who was

then on his Far Eastern tour of conquest. His Royal Highness turned the first sod when the grading for the road-bed began on September 23, 1899, both at Tsingtao and Kiao-chowfu. "The object of constructing these lines" reads the Lease Convention of 1898, "is solely the development of commerce. In inaugurating a railway system in Shantung, Germany entertains no treacherous intentions towards China." The sixth article of the Kiaochow-Tsinan Railway Agreement provides against popular objections due to the disregard by foreign powers of the customs and superstitions of the natives. "In constructing the railway," reads the said article, "the Company must go around small villages and market towns, also ancestral halls, temples, graveyards, dwellings, and water-ways, orchards and vegetable gardens. These must not be made to suffer on account of the railway. And as for specially large and well-arranged graveyards, these must receive special regard." With this specific undertaking on the part of the Company, the construction work of the railway went on rapidly and without serious interruption, and in less than five years it was all completed. The first section of 74 kilometres from Tsingtao to Kiaochow was opened to traffic on April 8, 1901, and further sections were put into operation during the same year.

On June 1, 1902, the whole of the first half of the trunk line as far as Weihsien was opened to freight and passenger traffic, and on June 1, 1904, the entire line, including the Po-shan branch, was opened. The entire cost of construction and equipment was estimated at 52,901,266 marks. The trunk line is about

412 km., or 256 miles, in length, and the branch line between Changtien Station to Po-shan is 43 km., or about 27 miles.

The Shantung railways pass through one of the richest and most populous provinces of China. The trunk line traverses through the rich agricultural territory, while the branch line connects with the coal mines in the province. Another branch line of about two miles runs from East Station of Tsinanfu to Huang-tai-chiao, on the bank of Hsiao-chin River, largely for the conveyance of salt which is brought over by the Chinese junks from the salt fields bordering on the gulf of Pechili.

The time, money, and energy which had been cheerfully spent by Germany to build her "place in the sun" in the Orient were all spent for nothing. Germany rose only to fall. By the Versailles Settlement, Japan has got all the fruits of German labour, not only the railways, but also a number of other valuable concessions which we shall consider a little later. Repeating her tactics in the Russo-Japanese War which resulted in the tranference of all the Russian rights and properties in South Manchuria to Japan, not to China, and improving it this time by previous secret understandings with Italy, Russia, France, and Great Britain, Japan at the Peace Conference acquired by might what belongs to China by right. Such acquisition only serves to remind us of the Bible story of King Ahab who, panting for the vineyard of Naboth, but disappointed over the owner's refusal to part with it, resorted to the most hideous methods of acquiring it. "China presented to the Peace Conference a claim based only on justice,

but with no power behind it," said Senator James E. Watson. "Japan presented a case based only on power, but with no justice behind it. Japan and power won. China and justice lost."

But this was not all. Apart from the transference of the Shantung Railway and its branches, as decided by the Peace Conference, Japan, under the notes exchanged between Baron Goto and Tsung-hsiang Chang, on September 24, 1918, obtained new railway concessions in the Shantung province. A new contract was secured by Japan by taking advantage of the impecuniosity of the Peking Government—an advance of 20,000,000 yen at 8 per cent. interest being made after the signature. The contract called for the construction of two lines, one from Tsinanfu (Shantung) to Shunteh-fu (Chili) on the Peking-Hankow line of 150 miles, and another from Kaomi (Shantung) to Hsu-chow-fu (Kiangsu) of some 250 miles on the Tien-tsin-Pukow Railway. It was Japan's intention that, when these schemes were realised, Tsingtao would be connected with all the important railways in Northern China. In other words, when these lines were built, in addition to the lines now in operation, Tsingtao, where Japan was to have an exclusive concession, as she had insisted upon, would be brought into railway communication with Southwestern Shantung, Chili, Shansi, Honan, and other provinces of North China. With the aid of the shipping facilities at Japan's disposal, which will be taken up in a later chapter, she hoped to make Tsingtao, where she had planned a permanent stay, out-distance and out-rival Tien-tsin in the North and Shanghai in the South. A great deal of traffic that

is seeking its way out to the open sea through Shanghai and Hankow in central China and through Tien-tsin on the North would at once find its way to Tsingtao. Mr. Yoshinosuke Akiyama, the Japanese civil Governor of Kiaochow, who had fully appreciated the importance of Tsingtao as a commercial port and as a site for industrial expansion, had rightly said: "The port holds behind it, not only the rich resources of Shantung, but also the products of Shansi, Honan, Shensi, and other provinces where coal, iron, and other products are plentiful, which will all come to Tsingtao for shipment abroad."

Of course, these two new lines were based upon or similar to the concessions which Germany had from the Chinese Government before the war. It is to be recalled that on December 31, 1913, a preliminary contract was signed by the Chinese Government and the German representative for the construction of two railways, one from Tsinanfu to a point on the Peking-Hankow Railway (somewhere between Shuntehfu and Hsin-hsiang-hsien) and the other from Kaomi to Hanchuang on the Tien-tsin-Pukow Railway. In consideration of this concession, the Shantung Railway Company agreed to cancel all rights of railway construction in the Shantung province as provided for in the Convention of 1898. The final contract was signed on June 24, 1914, without essential alteration. The outbreak of the War in Europe interrupted the German activity in Shantung, but served as a fresh opportunity for Japan to enter into the field. Japan had been aware of this concession to the Shantung Railway Company, and so

without waiting for the post-bellum settlement, the Japanese Government secured the identical concession, by hook or crook, from the military men in the Peking Government. It is important to bear in mind that the argument which the Japanese Government used in securing this concession was that the grant made to Germany was made invalid by China's declaration of war upon that power, and therefore a new grant to Japan covering the same routes would not be in conflict with the existing agreements. This was admittedly a good ground to take, but one queries if the railway concession to Germany was nullified by China's declaration of war as argued by the Japanese Government, how is it that the Lease Convention was not. It is queer, to say the least, that Japan would blow hot and cold at the same time. It is also important to bear in mind that this concession for the construction of two new lines as mentioned above was made by a few military leaders in the Peking Government, through the Chinese Minister at Tokio, but without the permission or knowledge of the Chinese Cabinet, without the Presidential sanction, and without the legislative approval. It is unnecessary here to enter into the fine points of International Law in regard to the validity of such an agreement. As to this question, there can be but one opinion.

The seizure of the Shantung railways was a distinct violation of China's territorial sovereignty. This is a point which ought to be obvious to all. The more practical aspect of the question, however, is the immediate displacement of thousands of Chinese who had been employed on the railroads while under Ger-

man management, but who were immediately discharged and replaced by Japanese when the railroads passed into Japanese hands. On this point we can do no better than to quote the following remark:

“Control of the railway was signalled by the discharge of all Chinese workmen above the menial grades. Even many of the classes which are ordinarily considered menial, but which offer experience which prepares for higher grades, were subject to this innovation. During German exercise of railway rights, all engine drivers, train staff, station masters, machinists, foremen of all but the highest rank, clerical staff, except those in highly technical positions, were Chinese. Germans had been able to build and operate this line and bring it up to a favourable standard of efficiency and profitableness using Chinese in these positions of skill and responsibility. But the Japanese cut off this source of livelihood from these thousands of Chinese. The railway is actually as well as governmentally in the hands of the Japanese, which means much in the programme of using the railroad for purposes of discrimination. It is perhaps too obvious to require mention, that in this first example of ‘succession to German economic privileges’ the Japanese seized in addition vastly greater economic privileges which had hitherto been looked upon as Chinese, and they seized the opportunity of planting an army in China. The Shantung Railway is transformed from an instrument for the development of China into an instrument for the penetration of China.

“On the other lines of railway in China the foreign interests have placed only a limited number of representatives—a few technical men and inspectors for the most part. On no other line would the foreign personnel exceed more than one or two per cent. of the total number of employés. But on the lines controlled by Japan (in Shantung and in Manchuria as well), every man above the grade of track coolie is a Japanese. Japanese police guard the track and Japanese garrisons occupy the terminals. And when one remembers that every one of these men has gone through the training required in the Japanese military conscription system, one realises what it means to have the lines of communication extending so far into the interior in the hands of Japanese. It means that in a military way China is hamstrung. She has no chance of mobilising an army, be it ever so well trained and armed. Between the Manchurian lines on the

north and the province of Chili containing Peking and Tientsin, she is between the jaws of the nut cracker."

An equally serious matter was Japan's claim to a controlling voice in determining as to what development work or industrial expansion in Shantung should be undertaken and who was to undertake it. In the Convention of 1898 between China and Germany, it was stipulated that in all cases where foreign assistance in person, capital, or material, might be needed for any purpose whatever in the province of Shantung, such work or supply of materials should be offered in the first instance to German manufacturers and merchants. As successor by virtue of the Versailles Treaty to the German rights, titles, and privileges, Japan now claimed that Japanese merchants and manufacturers should have the right of first choice. With this right, Japan would be in a position to control, absolutely and irrevocably, the economic development of the whole province. Take for instance the case of the Chefoo-Weihsien Railway. For years and years the merchants in Chefoo agitated for the construction of a railway line between that city and Wei-hsien for the development of the trade in the province, and for years their efforts were obstructed. It was Germany who had first asserted the right of first choice. This claim was abandoned by Germany in June, 1914, in consideration for a new grant by the Chinese Government for the building of two railways above-mentioned. When Japan took Germany's place in Shantung, she still persisted in the claim that she should be first consulted in all railway enterprises in the province. China was so hampered financially that it was idle

to talk of financing it herself; she was at the same time unwilling to borrow Japanese money to build the line. The result is that so far the desire cherished by the people in Shantung remains yet unrealised.

This was exactly the railway situation in Shantung in the last few years, for which the Versailles settlement was directly responsible. And this situation would continue indefinitely and perhaps permanently if it were not for the happy adjustment reached at Washington, which practically reversed the terms of the Versailles Treaty as far as the Shantung provisions were concerned. The details of negotiation incident to the transfer of the Kiaochow-Tsinan Railway and its branches will be given in a later chapter. It is sufficient to say here that, for their restoration, China engages to pay a sum of 53,406,141 gold marks, plus costs for permanent improvements and minus the allowance for depreciation of the railway properties. As to the Kaomi-Hsuchow and Tsinan-Shunteh lines, they "shall be made open to the common activity of an international financial group, on terms to be arranged between the Government of the Chinese Republic and the said group." Japan has also renounced her "option" for financing the Chefoo-Weihsien Railway, the construction of which may be given to the Consortium if China should find it impossible to raise sufficient Chinese capital for the purpose.

With this adjustment, the railway or railways which would otherwise remain in Japan's hands as a sharp instrument of peaceful penetration of Shantung, will revert back to China as an instrument for her internal development.

XIV

THE MINES IN SHANTUNG

WE have so far considered Japan's economic position in Shantung with special reference to her control of the railways. The next question of importance is the number of mines, coal, iron, and gold, which Japan has acquired as a result of the European war, or more accurately, as a result of the Shantung award reached at the Versailles Peace Conference.

By the Convention of March 6, 1898, Germany was given the right to operate mines in the Shantung Province. "The Chinese Government will allow German subjects to hold and develop mining property for a distance of 30 *li* from each side of the (Shantung) railways and along the whole extent of the lines." Now by virtue of Article 156 of the Treaty of Peace signed at Versailles, "all German rights in Tsingtao-Tsinanfu Railway, including its branch lines, together with subsidiary property of all kinds, stations, shops, fixed and rolling stock, mines, plant and material for the exploitation of the mines are and remain acquired by Japan, together with all rights and privileges attaching thereto." Japan has, therefore, considered herself the successor to those mines and she has worked on them even before her title could be solemnly confirmed. We need only enumerate them in order to know what they are and

what they may mean to Japan's industrial and economic future.

In the first place we have to mention the Po-shan Coal Mine, which is the largest in the Shantung Province. Measuring fourteen miles from North to South and about seven miles from East to West, it has an area the size of which can be estimated by simple mathematical calculation. Before the outbreak of the war, it was worked by the Schantung Bergbau Gesellschaft, or the Shantung Mining Company, which was incorporated into the Shantung Railway Company, on January 1, 1913, with an increase of the capital of the Company. Two shafts were dug by the Germans at Hungshan and Tze-Chwan, which, when worked to full capacity could furnish 2,000 tons of coal daily, and about 700,000 tons annually. There is a branch line of the Shantung Railway reaching the mine fields to facilitate transportation. The Japanese authorities now in charge of the operation have been planning to increase the daily product of the mine. According to expert judgment, a practically unlimited increase in the production of coal of the Po-shan mine is only a matter of increased labour and increased investment.

So far as statistics and investigations show, the Po-shan coal field has a wonderful future for development; the quality and quantity of its products out-rival all the rest. According to a careful study given in the *Far Eastern Review*, it was discovered in 1904 that just 268 metres (878 feet) beneath the surface there were three strata groups with varying qualities. The first group, 100 metres (328 feet) below the

characteristic top layer, shows four single strata of two and one-half metres (8.2 feet) altogether, of a really first class rich coal, having about 17 per cent. gas and about 8 per cent. ash. The second group, situated about 60 metres (196.8 feet) from the first, contains three strata in 17 metres (55.8 feet), having altogether 1.8 metres (5.9 feet) coal, likewise of the best quality but containing on the average 15 per cent. gas and 10 per cent. ash. At a further distance of 100 metres (328 feet) a third group of 4 strata is found in an extensive mountain layer of about 20 metres (65.6 feet) containing 4.2 metres (13.8 feet) of an anthracite coal, having 12 per cent. gas and 12 per cent. ash, but of considerable heating value.

Another rich coal mine is found at Fang-tze, which can be reached by a short colliery line of three miles. It contains seams of 200 metres in length. It was estimated by German experts to contain 100,000,000 tons of bituminous coal. At present two pits are being worked by the Japanese, yielding 1,000 to 1,300 tons daily. A washing station and a briquette factory are attached to the mine, the former handling about 1,000 tons a day, and the latter about 700. The Fang-tze coal has found a very good market in Tsingtao in particular for house and kitchen use, while the coal produced at Po-shan seems to enjoy greater popularity as ship's coal. The Po-shan coal is largely used in the manufacture of coke in Shantung and elsewhere. Its heating value varies from 10 per cent. to 17 per cent. It is therefore very suitable for oven heating. Another excellent quality of the Po-shan coal is its smokelessness, and for this

reason, it bids fair to substitute for the expensive Cardiff coal used on war-ships. The Japanese authorities have been careful enough to see that all products are shipped to Japan, where the demand for the first class coal is greater than the supply.*

The Weihsien coal field was operated, beginning from 1902, by the Schantung Eisenbahn Gesellschaft with a capital of 12,000,000 marks. Its output is in the main bituminous, containing about 15 per cent. ash and 30 per cent. gas. The Weihsien coal has a high heating power—almost 7,000 calories—and it also has the advantage of having a lighter smoke.

The principal seam of coal is about nine feet thick, at a depth of 450 feet, running from N. E. to S. W. The top seam is of 6.6 feet thick. Beneath the principal seam is a third stratum of about 9.8 feet depth.

The producing capacity of the Weihsien coal field is:

1910-1911.....	193,497.05 tons
1911-1912.....	205,184.00 tons
1913	199,000.00 tons

* The coal mines previously worked by the Germans were taken over by the Japanese after the fall of Tsingtao. The following details are extracted from the February, 1921 (Shantung) issue of the *Far Eastern Review*.

Fangtze Coal Mines. Work at the Fangtze coal mines in the Weihsien District, was started in 1901, and the output of coal (bituminous) ranging from 200,000 to 270,000 tons per annum between 1907 and 1913. The Germans disabled the pumps after the outbreak of the war, with the result that the main shaft was flooded, and has been abandoned by the Japanese. Only the Briquette factory is still in use.

Several new shafts have been sunk since the Japanese occupation, of which the following deserve mention:

Fangtze East: This is a new mine opened by the Japanese about one mile S. E. of the main shaft. It is 236 feet deep, with a 30 degree incline to 324 feet. Output from March to December, 1920, was about 30,000 tons. Present output about 150 tons per day.

Fangtze West: Two miles west of the original shaft. Now produces about 100,000 tons per annum. Four shafts ranging from 120 to 130 feet in depth. Constant pumping necessary to keep galleries free from water. Present output about 200 tons per day. Maximum output 380 tons per day.

Fangtze North and Central Shafts: Not yet producing.

Aside from the mines mentioned above there are other rich coal fields on both sides of the Kiaochow-Tsinan Railway. The Hung-shan coal mine started by the Germans in 1902, has an annual output (anthracite) of 414,000 tons. The machinery for the operation of this mine was damaged after the Japanese captured Shantung. Repairs were made and completed in May, 1915, but it was not until July that the Japanese were able to resume work. The deposits at Hung-shan are estimated at 800,000,000 tons. The mine at Yi-hsien has an annual output of 198,000 tons and the coal fields at Tanen-kow and at I-chow yield an annual output of 72,000 and 30,000 tons, respectively.

But more important and perhaps more attractive to Japan than these coal mines is the Chinlingchen iron mine, which is situated about five miles off the main line of the Shantung Railway and about 180 miles from Tsingtao. This is one of the richest iron mines in China, and as such it has been the greatest attraction for the Japanese.* The iron deposit of Chinlingchen is estimated at something like 100,000,000 tons, and according to the analysis made by German experts, it contains 65 per cent. of iron, 23 or 24 per cent. of manganese, 3 per cent. of phosphorus, and 8 per cent. of sulphur. This analysis does not differ very much from those made by the

* "The year 1918," wrote Mr. W. R. Peck, American Consul at Tsingtao, "witnessed the opening of the Chinlingchen iron mine, and the building of the branch railway line to the mine necessitated the purchase of five miles of rails, ninety ore cars, five locomotives, etc. With the exception of the locomotives the supplies mentioned were furnished by the Wakamatsu Iron Works of Japan, to which the railway is under contract to supply about 150,000 tons of ore annually. The total cost of this branch railway and equipment is about \$1,000,000."—Julean Arnold, *Commercial Handbook of China*, Vol. I, p. 641.

Japanese experts appointed by the Japanese Government for that purpose. Like the coal mines, it was being worked by the Shantung Railway Company before the war with very good results. The annual output was about 350,000 tons. Since the Japanese occupation in November, 1914, there have been on foot various schemes for increasing the annual output, among which is the scheme for establishing a large iron foundry in the Kiaochow leased territory. Several attempts, more or less unsuccessful, were made by private Japanese to make experimental borings in the iron fields. In spite of the fact that the Germans had already excavated a shaft to a depth of 300 feet and that it needs about 50 or 100 feet more to reach the new vein, the Japanese had miserably failed to accomplish their object. Whether it was due to the lack of necessary experience and knowledge for such engineering work, it is a question which the Japanese themselves can best answer. Late in 1916 it was decided that necessary experimental borings and the completion of the new shaft were to be taken by the Shantung Railway Company, which has been placed under the control of the Japanese Government, and the entire cost was to be defrayed from funds provided for by the Japanese War Office. In 1918, a branch railway of about five miles from Tsingtao to Chinlingchen mine fields was built at an estimated cost of \$1,000,000.

With this rich iron mine at Chinlingchen under Japanese control, and with the Hanyehping Company being converted into a Chino-Japanese joint concern, Japan can have as her source of supply two of the richest iron fields in China. Very high hopes have

been entertained, indeed, by Japanese authorities as to Japan's future iron supply from China, which is practically inexhaustible. Writing in *The New York Herald* of May 18, 1919, Adachi Kinnosuke, a Japanese writer who occasionally visits the United States for propaganda purpose, has this to say: "Iron is the one metal which fires the imagination of Nippon just at present. She has none of it at home to speak of. The one outstanding lesson which the world war has driven home to her understanding was that from now on the programme of her national defence should be worked out in terms of iron ore and steel works. And she doubtless places no small emphasis on the iron deposit in Shantung."

Besides iron and coal mines, there are a few places where gold has been discovered. In the northern part of the province, principally at Chaoyuan, Chiutien (near Pingtu), Chinnushan (near Ninghai), Hsiayutsen, and Kweishan, important gold deposits have been discovered. Numerous other gold deposits have been located. At present, the gold mine at Chaoyuan is the only gold mine in Shantung in actual operation, and is said "to be the only gold mine that can be profitably worked." Recently, however, Japanese mining experts have examined the tailings of these gold mines. They believe that all of them could be worked with profit. As yet, no accurate or statistical information is available as to their operation and capacity. It may, however, be safely said that, in the time to come, Japan will lay her hands on them as surely and as firmly as on the other mines.*

* According to a survey made by a Japanese Government expert, there are in Shantung ten gold mines, ten silver, twenty-seven coal, seven iron,

Admittedly, the mines and railways in Shantung are the rich prizes on which Japan has set her covetous eyes. Writing in *Geographische Zeitschrift* for 1914, Herr Schmitthenner admitted that Japan's sudden decision to take part in the war and to attack Tsingtao in 1914 was influenced by her desire to take possession of the rich coal and iron deposits in Shantung. This stated, however, but part of the truth. Japan's real object was to get control of the Shantung railways and to link them with the railways in Manchuria, also under her control, so as to enable her to dominate Northern China.

During the "conversations" held in connection with the Washington Conference, the disposition of these mines in Shantung was among the most difficult problems to solve. The Japanese denied that they had opened up mining areas other than those which the Germans had opened in 1914, although, in certain mines, they admitted, new shafts had been sunk. Pressed for exact information as to Japan's mining activities in Shantung, they submitted the following facts, which were recorded in the minutes of the negotiation:

"There were three mining districts which were actually being operated by the Japanese,—namely, Tzechwan, Fangtze and Chinlingchen, the first two being coal mines, and the third an iron mine. The coal mines at Tzechwan had an area of 418 square kilometres, with a daily production of 468 tons of coal, which amount was increasing each year. The Fangtze coal mines had an area of 528 square kilometres. Under German enterprise these mines had not been productive, but, under Japanese operation good results had been obtained, and, in the

and sixteen others, thus making a total of seventy mines.—*China* (an official guide book to Eastern Asia, published by the Imperial Japanese Government Railways, 1915), Chapter X.

year 1917, 400 tons daily were produced. The iron mines at Chinlingchen had an area of 283 square kilometres. In 1919 the production amounted to 178,000 tons. The mines of Chang-tien, mentioned in the Sino-German Agreement of 1911 had apparently been abandoned."

While agreeing in principle that these mines should be given back to China, the Japanese preferred to have them given over to a group of Chinese and Japanese capitalists for their future operation. The position of the Chinese was that these mines, after being restored to China, should be operated in conformity to her mining regulations. The coal mines could be operated by a company to be organised, in which the Japanese could own as much as fifty per cent. of the stock. The iron mines must be left to China alone, for, according to the mining regulations of the Chinese Government, issued on November 27, 1915, no foreign capital can be allowed in iron mining. The Japanese objected, of course, to this separate treatment of the iron mines. They insisted that all the mines to be restored to China should be given to a Chino-Japanese joint concern, "in which Chinese and Japanese capital shall stand on an entirely equal footing." After much argument, the Chinese and the Japanese reached this formula of solution, which was finally embodied in the Shantung Agreement: "The mines of Tzechwan, Fangtze and Chinlingchen, for which the mining rights were formerly granted by China to Germany, shall be handed over to a company to be formed under a special charter of the Government of the Chinese Republic, in which the amount of Japanese capital shall not exceed that of Chinese capital."

A "special charter" is necessary in order to pass over the mining regulations, which forbid foreign investment in iron mining.

The yearly output of the Shantung mines can be roughly estimated as follows:

1. Po-shan	414,000 tons
2. Wei-hsien	199,000 tons
3. Hungshan	410,000 tons
4. Fangtze	200,000 tons
5. Yi-hsien	198,000 tons
6. Tanenkow	72,000 tons
7. I-chow	30,000 tons
8. Tzechwan	138,000 tons
9. Chinlingchen	178,000 tons

XV

JAPAN'S CONTROL OF COMMERCIAL FACILITIES

JAPAN'S economic weapons in Shantung are further multiplied and made more effective by the numerous steamship lines which she has maintained both between Chinese and Japanese ports and along the China coast. It must be admitted, of course, that these steamship lines are not acquired from Germany as a result of the war. They have been maintained by the Japanese Government, improved and enlarged during the last six or seven years. While the whole world was engaged in the war, Japan had time enough to see that her tradesmen and merchants were safely entrenched in the most fertile field of China trade. Every evidence points to the fact that Japan has in recent years, particularly after the outbreak of the war, exhibited remarkable acumen in the expansion of her mercantile marine, and in the increase of shipping facilities for the China coast trade. According to the report of the Canadian Trade Commissioner in Yokohama, Mr. A. E. Bryan, to his Government in Ottawa, Japan has made great strides in the last seven years in the direction of ship-building. At the outbreak of the war in 1914, there were only 17 berths for the construction of steel ships in Japanese ship-building yards, while in 1918 there were close on 150.

In 1914, 16 vessels were launched with a tonnage of 78,010, and in 1918, 185 steel vessels were launched with a total of 513,534 tons. The following schedule throws some light on the earnest bid which Japan has made for China trade, and the high hopes which the Japanese people have held in regard to Tsingtao. A glance will be sufficient to bring home the realisation that the future trade in northern China and the open door in Shantung or in Manchuria are absolutely at the mercy of Japan.

Since the capture of Tsingtao in November, 1914, the port has been equipped with the following steamship connections with Chinese and Japanese ports:

1. Between Tsingtao and Tien-tsin—The Osaka Shosen Kaisha runs about four steamers of fairly large tonnage between Tien-tsin and Ta-kow (Formosa), calling regularly at Dairen, Tsingtao, Shanghai, and Foo-chow every week.

2. Between Tsingtao and Dairen—The South Manchurian Railway Company has a few steamers of some 3,000 tons, plying weekly between Dairen, Tsingtao, and Shanghai.

3. Between Tsingtao and Hongkong—Both the Dairen Kusen Kaisha and the Korean Yusen Kaisha have maintained regular steamship service between Chemulpo, Dairen, Tsingtao, Shanghai, and Kongkong. These steamers call at other southern ports in China, though not regularly.

4. Between Tsingtao and Japanese ports—The Osaka Shosen Kaisha, together with Santo Domei Kisen Kaisha and Harada Kisen Kaisha has maintained efficient weekly service between Tsingtao and Osaka, calling at Kobe, Ujina, and Moji, on both ways. The steamers engaged in this service are more heavily subsidised by the Japanese Government than those of any other line, for the reason that they are to call at Ujina whence come most of the Japanese military supplies to China, and that they must reserve one-sixth of freight and passenger space for military use. The Nippon Yusen Kaisha maintains fortnightly service between Tsingtao and Osaka, calling at Kobe and Moji,

but not at Ujina, thus making the trip from one port to the other in two days less time than the other two services.*

In addition to these shipping facilities, Japan has also enjoyed the excellent port conveniences at Tsingtao, which the Germans had provided for during their heydays. The port of Tsingtao is located five miles from the entrance to Kiaochow Bay, and the harbour is landlocked and not susceptible to tidal influences. The harbour, which is said to be the model in the Far East because of its almost perfect docking facilities and the direct transmission from ships to freight cars alongside, or *vice versa*, has a docking frontage of over 7,000 feet and is capable of accommodating 20 vessels at a time. It consists of two moles, each having a railway track for the siding of cars loading or unloading cargo, and special mole for the landing of kerosene oil and combustibles. The two piers in the Great Harbour are the Arkona Pier, 720 metres in length and 100 metres wide. In the Small Harbour there is a landing pier of 160 metres long, which is used by the coasting steamers and junks. The German Government at Kiaochow, in compliance with the increased shipping demands, erected in 1910 large warehouses at the dock, equipped with the most modern fire apparatus. All these excellent equipments have been in the Japanese hands for the last seven years.†

This is the barest outline of the railway and shipping facilities which Japan has had at her disposal. With her record in Manchuria as our guide, it is easy

* U. S. Daily Consular and Trade Reports—Supplement on Kiaochow, July 17, 1915, p. 6.

† U. S. Daily Consular and Trade Reports, December 16, 1911.

to see what Japan could do economically in the Shantung Province. On the one hand, with a well-devised system of railways in the Shantung Province, where such traffic inducements as Japan has offered to the Japanese merchants in Manchuria may also be offered, under a Japanese Traffic Manager, if necessary, it is only a question of time that Japan will attract to Tsingtao produce from an extensive hinterland with a wealth of natural and economic resources unsurpassed in any other parts of the country. It is as sure as the sun rises in the East that Japanese merchants will, in that case, undercut those of other nationalities in all fields. On the other hand, with a persistent development of shipping service, of which we have already seen the beginning, Tsingtao is bound to become the most important port along the whole China coast, out-distancing Tien-tsin in the north and beating Shanghai in the south, which holds that distinction at present, but which is seriously handicapped by the inadequate harbour works that are incapable of accommodating the large ocean-going liners. The Japanese port of Dairen has already taken the place of the British port of Chefoo as the distributing centre of Manchuria. With such equipments as it has, the port of Tsingtao is bound to absorb all the interior and littoral trade of Shantung and displace Tien-tsin as the distributing centre of North China. The Japanese Government makes no secret of its desire to secure for Japanese bottoms all the freight there is, not only between Chinese and Japanese ports, but also between ports on the China coast. And Japan can accomplish this end without resorting to those extreme measures, such as prefer-

ential tariff, railway rebates, and others which Japan has adopted in Manchuria. With a shipping service sufficient to meet all the freight and passenger traffic, and with the railways connecting the interior of China in the control of a Japanese Traffic Manager, it is comparatively an easy matter to make Shantung another Manchuria economically.

XVI

JAPAN'S PEACEFUL PENETRATION OF SHANTUNG

THE record of Japan's seven years of occupation of the Shantung province is in every way an eloquent testimony of her extraordinary activity in all economic and industrial fields. Not only has she operated and controlled the Shantung railway and its branches; not only has she opened and exploited the rich coal, iron and gold mines along the railways; not only has she established various steamship connections between Tsingtao and the commercial ports in Japan or other ports on the Chinese coast, as has been described in a previous chapter; and not only has she made Tsingtao a practically Japanese entrepot, the foreign settlement there a Japanese settlement, and the Chinese Customs Service a Japanese service. All this is perhaps to be taken for granted. But she has also laid her tentacles on a number of minor activities—a fact which bespeaks her systematic penetration of the province. For the last seven years, she has practically taken over the salt industry of the province; she has deprived the natives of their trade and placed it in the hands of her own nationals; she has taken over every commercial enterprise which was formerly the source of bread and butter for the natives; she has practically monopolised the fishery in the leased territory; and, in short, she has placed her

fingers on the very pulse of economic life of the Shantung province. Japan's withdrawal from Shantung would be meaningless if she were permitted to continue her economic stranglehold. By July or August, 1922, she may have withdrawn her troops, as stipulated in the Shantung Agreement reached at the Washington Conference; she may have given over the administration of the railways to China; she may have restored the leased area and transferred the public properties to China; and she may have surrendered to China all the tit-bits stipulated in the Shantung Agreement; but in Shantung will Japan remain an economic master. The root of her economic penetration has gone so deeply in the fertile soil of the province that it is next to impossible to eradicate it within the short space of six months provided for in the Agreement.

It may be difficult at first to appreciate to the fullest extent how thoroughly Japan has been laying the foundation of her economic future in the province. A few specific instances of her peaceful penetration will, perhaps, help us to a keen realisation of the situation.

Aside from the fact that the Japanese in Shantung have taken over all the economic enterprises and activities formerly established by the Germans, they have blazed new trails in the exploitation of the natural wealth of the province. Apparently at the instance of their Government at Tokio, they have purchased municipal utilities, pretentious buildings, power sites, and other public and private properties, with the determined purpose that they are there to stay in spite of the nominal transfer of the leased

territory to be effected in the near future. They have flooded the province with Japanese drugs and *demi-monde*, brought in by Japanese vessels running directly between Japan and Tsingtao. Japanese merchants and traders are everywhere in evidence, and with the backing of their Government and perhaps the leading financial institutions in Japan, they have made the most of their opportunities. The American Consul at Tsingtao observes that "the use made by Japanese merchants of the opportunities presented to them resembles the throwing open of an Indian reservation to settlement." And an English writer on the Far Eastern affairs, by no means unfriendly to Japan, has given the following impression of Japanese activities in Shantung, after a visit to the capital of the province: "And everywhere in the thronged streets, amidst the goodly trees and solid buildings that remind us of Teutons departed, were the sons of Dai Nippon, civilian agents and harbingers of 'peaceful penetration,' more easily to be recognised here (in Tsinanfu) by their short stature than farther south. They hold themselves discreetly, yet with dignity, as if conscious alike of their isolation and of the greatness of the Island Empire behind them. And as a reminder of that greatness, to gladden their hearts, there were brisk-stepping companies of Japanese soldiers, detachments of the troops whose vanguard duty it is to 'protect' a Chinese railway on Chinese soil."

An American writer, describing the process of Japan's penetration of Shantung "as seen from within" gave the typical case of Po-shan mines. "Po-shan is an interior mining village. The mines

were not a part of the German booty; they were Chinese owned. The Germans, whatever their ulterior aims, had made no attempt at dispossessing the Chinese. The mines, however, are at the end of a branch line of the new Japanese owned railway—owned by the Government, not by a private corporation, and guarded by Japanese soldiers. Of the forty mines (at Po-shan), the Japanese have worked their way, in only four years, into all but four. Different methods are used. The simplest is, of course, discrimination in the use of the railway for shipping. Downright refusal to furnish cars while competitors who accepted Japanese partners got them, is one method. Another more elaborate method is to send but one car when a large number is asked for, and then when it is too late to use cars, send the whole number asked for or even more, and then charge a large sum for demurrage in spite of the fact the mine no longer wants them or has cancelled the order. Redress there is none.”

The same writer went on to describe what may be called “the process of dispossession” resorted to by the Japanese in Shantung. “Tsinan has no special foreign concessions. It is, however, a ‘treaty port’ where nationals of all foreign Powers can do business. But Po-shan is not even a treaty port. Legally speaking, no foreigner can lease land or carry on any business there. Yet the Japanese have forced a settlement as large in area as the entire foreign settlement in the much larger town in Tsinan. A Chinese refused to lease land where the Japanese wished to relocate their railway station. Nothing happened to him directly. But merchants could not

get shipping space, or receive goods by rail. Some of them were beaten up by thugs. After a time, they used their influence with their compatriot to lease his land. Immediately the persecution ceased."

The incident seems incredible at first sight. It is, however, all true, for it is nothing but a statement of the actual conditions which have existed in Shantung for the last seven years. Professor John Dewey, the author of the statement, visited Shantung a number of times and he was the eye-witness of the sinister process. His veracity cannot be gainsaid.

The commercial activity of the Japanese in Shantung is manifold. To give but a few typical instances, we may mention The Oriental Salt Company, which was established on March 31, 1918, as a Chino-Japanese joint concern, with the right to use 3,000 acres of land in Yintao in the Kiaochow Bay as a salt field; the taking over of the German Brewery at Tsingtao by Japanese brewers who have flooded Shanghai, Tien-tsin, and other commercial ports in China, with Japanese beer; the establishment of a Chino-Japanese Fishery, with 10,000,000 yen as its capital, and with Tsingtao, Hulutao, Changku, and Hsinho as the fishing area; and the organisation of a special transportation system on the Kiaochow-Tsinan Railway and its branches, including preferential rates, rebates, and other features which have long characterised the system of transportation on the South Manchurian Railway. The following extract from an article which Mr. Willys R. Peck, formerly American Consul at Tsingtao, wrote for the *Commercial Handbook of China*, attests to the Japanese activities in the province. He said:

"Japanese capitalists seem to be inaugurating a vigorous development of the manufacturing possibilities in Tsingtao, . . . raw materials for such enterprises being obtainable both cheaply and abundantly in the hinterland of the leased territory of Kiaochow. An additional development in the near future will probably be iron works, using ore from the mines at Chinlingchen, 180 miles from Tsingtao, on the Shantung Railway. Plants for the reduction of this ore had been projected by the Germans at Tsangkow, 11 miles from Tsingtao. Since the Japanese occupation of the leased territory of Kiaochow, the following enterprises (among others), with an aggregate authorised capital of \$3,000,000, not including capital of parent firms, have opened establishments at Tsingtao: Flour mill, oil mills, silk filature, spinning mill, ice factory, rice mill, tanneries, match factory, egg-products factories, chemical factory, soap factory, smelting works, and cannery. These factories are located conveniently with respect to shipping."

The most typical instance of Japan's peaceful penetration, which appears to be irresistible, is the gradual process of absorption of the small trades in the province. Take, for example, the peanut trade in Shantung: for years and years, it has proved a prosperous trade which the natives of the province have considered as a sure means of earning a livelihood. Though not counted among the important industries, the growing of peanuts and the extraction of peanut oil has promised to thousands and thousands of people enough yearly income to save them from the path of starvation. The nuts, both shelled and unshelled, as well as the oil, are mainly imported into the United States. In 1920, no less than 132,412,423 pounds of peanuts were imported by the United States, most of which, it has been pointed out, were grown in China. In the same year, 170,160,367 pounds of peanut oil were imported by the United States, which called for the crushing of an even larger volume of peanuts

abroad. For the fiscal year 1920-1921 imports of peanuts totalled 47,989,230 pounds and peanut oil 18,676,191 pounds. While it is undoubtedly true that most of the peanuts imported by the United States are grown in China, it is also true that the peanut trade has been gradually taken over by the Japanese who, with larger capital at their disposal, are always in the position to buy out the small "peanut farmers" in Shantung. Read the following extract from a bulletin issued by the Bureau of Markets and Crop Estimates of the United States Department of Agriculture, to be convinced of the real character of Japanese peaceful penetration:

"For a number of years China has produced the bulk of the peanuts imported into the United States. Shantung is the leading peanut producing region in China, as its soil is particularly adapted to the growing of peanuts. The nut grown in that province is said to be larger than that grown in any other part of China, and contains more oil. The Provinces of Honan and Chihli rank next to Shantung in the production of peanuts. Peanut 'farms' in Shantung are small plats of ground, often not over two acres in area. Yet from the produce of small plats like this a Chinese farmer secures a living not only for himself and family, but occasionally gives his sons a college education. This is all the more remarkable in that most Chinese farmers use only primitive methods of cultivation.

"The peanut business in Shantung has largely been taken over by the Japanese as the successors of the Germans. Japanese traders at Tsingtao annually export large quantities of peanuts and peanut oil to the United States by way of Kobe and other Japanese ports. Kobe has consequently come to be considered one of the leading peanut and peanut oil markets of the Far East. Japan exports some peanuts, but the greater portion of the nuts tabulated by the United States customs officials as coming from Japan are actually produced in China. American consular officials in China have reported that transpacific freight rates in the past have been such that nuts could be shipped from

Tsingtao to Kobe, Japan, or to Dairen, Manchuria, and thence to the United States at lower rates than by shipping directly from Tsingtao. Considerable quantities of peanuts are also imported from Hongkong, but these, too, are mostly grown in China. During the fiscal year ending June 30, 1920, China, Japan and Hongkong shipped 120,042,879 pounds of our total import of 132,412,423 pounds. One of the significant features of the peanut trade during that year was the large importation from the Dutch East Indies, principally Java, whence 5,824,644 pounds were received. Java nuts are said to be heavier and more oily than the Chinese product."

Another instance is the control of the manufacture of salt—one of the ambitious schemes that the Japanese military and civil authorities in Shantung have cherished and realised.

The manufacture of salt has been, for centuries, one of the important industries among the natives of the province. In fact, from very ancient time, Shantung has been noted as the largest salt-producing province in China. The best known district wherein the manufacture of salt has been carried on on a large scale is the region along the mouth of the Yellow River and the region which surrounds the Kiaochow Bay. When Germany leased the territory for a period of ninety-nine years, she acquired within the leased area some salt works along the ocean front around the promontory to the north of the famous bathing beach in Tsingtao. The question at once arose as to whether or not salt produced in the German leased area should be sent into Chinese territory and the interior of the province, free of duty, or disposed of along the coast. An equitable plan was later worked out and agreed upon, that all salt shipped from Tsingtao to other ports along the China coast was to be officially stamped and accounted for, and

four-fifths of the profits from its sale was to be turned over to the Chinese salt administration. It was also agreed that no salt—no “foreign” salt, whether produced in the leased area or brought from foreign countries—was to be brought in through Tsingtao to be sent into the interior, and no Chinese salt, with tax yet unpaid, was to be shipped out through Tsingtao. This agreement was in accordance with the regulations of China’s Salt Administration, which prohibit the export of salt made in China to escape tax and forbid the import of foreign cheap salt to compete with the Chinese taxed salt.

To the Japanese, who swarmed in the Shantung province after the Germans had been driven out, the possibilities of salt business looked unusually attractive. Early in 1915, they formed their connections with the salt producers and dealers inside and outside of the leased territory, and by the beginning of 1916 the salt industry in the Kiaochow Bay regions fell practically into Japanese hands.

There are a few aspects of this question apropos of Japan’s attempt at salt monopoly in Shantung. The first is the taking over of the salt fields by the Japanese. There has been a marked decline of the salt manufacture among the Chinese salt farmers of the coastal districts, where nearly all salt fields have either been commandeered or purchased by the Japanese at a very low price. The result is that, during the last few years, the revenue of the province, of which salt tax forms a substantial part, has dwindled and serious losses have been sustained by the natives who, because of lack of ample funds, have not been able to compete successfully with the

Japanese salt companies in Kiaochow and Tsingtao. In 1920, about 400,000,000 catties of salt were sold by the Japanese in Chinese markets, with a profit estimated at 20,000,000 yen.

This leads to another aspect of the question. This huge profit is possible because of the notorious fact that no tax is paid on Japanese salt—a fact which at once explains why the revenue of the province has greatly dwindled. The Japanese have been openly shipping Kiaochow Bay salt into the interior of the province as far as Tsinanfu by means of the Kiaochow-Tsinanfu Railway, which has been under their control, paying no duty whatever. This is obviously in violation of the regulations of China's salt administration, and highly detrimental to the interests of the native salt farmers who, as they are heavily taxed, are in no position to compete. The result is that the provincial government of Shantung has been deprived of many hundreds of thousands of dollars worth of salt tax every year.

An additional phase of the salt question is that, contrary to the original understanding which the Germans had faithfully observed during their days in Kiaochow, and contrary to the regulations of the Salt Administration of China, untaxed salt raised in the interior of the province along the mouth of the Yellow River has been systematically brought over the Shantung railway by the Japanese dealers and shipped out of the port of Tsingtao. Not infrequently, the salt thus exported is shipped back to Tsingtao and distributed in the interior free of duty.

At the Washington Conference, where "conversations" were held on the Shantung question, Japan's

seizure of the Chinese salt industry was a subject of great importance and frequently discussed. As a solution of the problem, it was suggested that "the Chinese Government would take over the industry, with compensation to the Japanese nationals who had become interested in it, and with provision for the export of a certain amount of salt to Japan"—a solution which, it was pointed out, "would meet all the legitimate interests of the Japanese and, at the same time, conform to the Chinese policy of treating salt as a Government monopoly." The Japanese delegates, while declining to give a definite figure as to the amount of salt to be yearly exported to Japan, insisted that the salt industry in Shantung, conducted by the Japanese, should not be interfered with, so that the export of salt would not be interrupted. At the thirty-first meeting of the Chino-Japanese "conversations," held on January 23, 1922, Baron Shidehara said: "The Japanese Government desired that all the salt interests should be retained in Japanese hands." This desire was, however, not insisted upon. After much deliberation, the Chinese and the Japanese reached this solution, which was finally embodied in the Shantung Agreement: "Whereas the salt industry is a Government monopoly in China, it is agreed that the interests of Japanese subjects or Japanese companies actually engaged in the said industry along the coast of Kiao-chow Bay shall be purchased by the Government of the Chinese Republic for fair compensation, and that the exportation to Japan of a quantity of salt produced by such industry along the said coast is to be permitted on reasonable terms." The details incident

to the transfer of the industry are left to the Joint Commission to be appointed by Japan and China.

Of all the weapons of economic penetration which Japan has had at her disposal in Shantung, none has proved to be of such usefulness to her as the numerous post offices which she has maintained in the province. For the last fifty or sixty years, foreign post offices or postal agencies have been established in the principal treaty ports in China. The opening of these establishments was not based upon any treaty provision, but tolerated by the Chinese Government, for the reason that China had not, during the early eighties, a postal system of her own. In 1896, a Chinese postal system was organised under the auspices of the Chinese Maritime Customs. In 1911, a postal department was created, placed under the Ministry of Communication, and entirely detached from the Customs Service. In 1914, China joined the Universal Postal Union. And to-day, the Chinese Post Office functions more efficiently than those foreign postal establishments in China—a fact which is generally admitted by all the foreign residents in the Far East. In spite of this proved efficiency on the part of the Chinese Post Office, the foreign Powers have continued to maintain their establishments in the treaty ports. For the last few years, the foreign postal establishments have been steadily increasing instead of decreasing, and this steady increase is confined exclusively to Japanese Offices. Without taking into consideration the numerous establishments which Japan has maintained in Manchuria and Mongolia, Fukien and other parts of China, we need refer to her postal agencies in the Shantung province alone.

Military field post offices were established during the attack upon Tsingtao, which, after the cessation of hostilities, were converted into regular Japanese post offices. We have to-day in the entire province no less than twenty-three Japanese post offices and agencies.*

How these postal establishments have been made use of is a story that shows Japanese penetration clearly at work. Japan had at first claimed that owing to military requirements she had to have field offices to handle the Japanese mails. When this excuse could no longer hold good with the conclusion of the war, she claimed that they should be made into regular offices to handle the mails for Japanese residents in the leased territory. On March 26, 1917, an agreement was concluded, fixing the provisional procedure concerning Chino-Japanese postal and telegraphic operations in the leased territory of Kiaochow and along the Kiaochow-Tsinan Railway. In return for the right "to continue to open one Post Office and Telegraph Office at Tsingtao," Japan was "to continue to open one Post Office within each of the railway station zones at Tsinan and Wei-hsien along the Kiao-Tsi Railway." When it was discovered that Japanese merchants and soldiers were scattered all over the province, this fact was seized as an excuse for providing further "postal facilities" for them. The result is that to-day Japanese postal

* There are at Cheefoo one post office and three letter offices; at Tsinan, one post office, three letter offices, two box offices; at Changtien, one military field post office; at Wei-hsien, Fangtze, Kaomi, Tsingchowfu, Poshan, one post office each; at Hungshan and Kiaochow, one post office and one box office each; and at Chowtsun, three letter offices.

Alien postal agencies in China there are at present 150 altogether. The United States has 1; France, 13; Great Britain, 12, and Japan, 124.

establishments along the entire Kiaochow-Tsinan Railway are ubiquitous. The Japanese have made use of them, not only as merely postal agencies through which mails to or from Japan are handled, but also as safe channels through which smuggling on a large scale of narcotic drugs has been carried on. It is important to remember that Japanese post offices and agencies in Shantung are not subject to the supervision of the Chinese Customs Service, and while Chinese authorities are supposed to have the right to inspect all incoming mails from abroad, this right has never been insisted upon with Japanese mails. Taking advantage of this generous treatment, Japanese postal establishments in Shantung have lent themselves to the carrying on of illicit traffic. It should also be noted that, aside from the sinister use made of them, the presence of such large numbers of Japanese postal agencies in the province deprives China of a large amount of legitimate revenue, violates her administrative entity, and hampers the working of the Chinese post offices. Fortunately, the general agreement reached at the Washington Conference to abolish foreign post offices in China may hasten the day when this obnoxious practice becomes a thing of the past.

Enough has been said to show that the picture of "Shantung as seen from within" is not a pleasant one. The Japanese have penetrated so far and so deeply that, even after they have departed, their footprints will still remain visible. Much is to be trusted to the Shantung Agreement, reached at the Washington Conference, to get the Japanese out of the province, bag and baggage. Much more is to be

trusted to the patience and industry of the Chinese people themselves to obliterate those traces of foreign aggression and to make the Shantung province an unstained spot on the map of China.

XVII

ATTEMPTS AT DIRECT NEGOTIATION

ALMOST immediately upon the coming into force of the Versailles Treaty of Peace with Germany, Japan approached the Peking Government to open negotiations for the restitution of the Shantung province. Taking the ground that her declaration of war upon Germany on August 14, 1917, abrogated the Convention of March 6, 1898, and that her refusal to sign the Versailles Treaty of Peace freed her from any obligation to recognise the terms of the Shantung settlement therein embodied, China declined direct negotiation on any basis other than unconditional restoration. At the same time, the sentiment of the Chinese people was strongly opposed to negotiation between Peking and Tokio, fearing that China would be sadly worsted in any diplomatic tussle with her ambitious neighbour. If Japan were sincere in her profession for the restoration of the Shantung province, for the withdrawal of her troops and police, and for the return of the German interests and properties, all this, it was argued, could be done without negotiation. The way to restore was to restore, and the way to withdraw was to withdraw. It was strongly believed that Japan's real object in attempting to bring about direct negotiation with Peking was to drive a hard bargain with

China for the nominal restitution of the Shantung province.

The early attempts at direct negotiation were revealed in an official statement, which the Japanese Foreign Office had issued on June 16, 1920, embodying correspondence passed between the Governments in Peking and Tokio. This correspondence shows that in January, 1920, upon the coming into force of the Versailles Treaty, the Japanese Minister in Peking attempted, under instructions from Tokio, to bring about negotiations with the Chinese Government for the disposition of the Shantung question. In its note of January 19, the Japanese Government expressed its desire "to effect a speedy solution of the entire question" and undertook "to withdraw its troops as speedily as possible." For almost three months, the Chinese Government remained adamant. On April 26, the Japanese Minister was again instructed to urge the Chinese Government to commence negotiation. On May 22, the Chinese Government replied, saying that as China was not a party to the Versailles Treaty, on the strength of which Japan now claimed to succeed to the German rights and concessions in Shantung, the Chinese Government was not in a position to begin direct negotiation with the Japanese Government on the subject. On June 14, the Japanese Government replied, declaring that "a fundamental agreement," meaning the Shantung treaty of 1915 growing out of the Twenty-one Demands, had already existed between Japan and China as to the disposition of the leased territory in Shantung, and that Japan could not, therefore, understand China's refusal to begin direct negotia-

tion, which was necessary for the restoration of Kiaochow and for the settlement of incidental details. The Japanese Government, annoyed by the indifferent and immovable attitude on the part of China, issued, contrary to its usual secretive policy, the following statement, with the obvious intention of placing upon China the responsibility of delaying the settlement of the Shantung question. The statement, together with the correspondence in full, reads as follows:

When the treaty of peace became effective in January, the German rights and interests in Shantung passed into the possession of Japan by virtue of the provisions of the pact. The Japanese Government, in accordance with repeated declarations and pledges, and with a desire and intention to effect a restoration of Kiaochow to China and to settle matters incidental thereto, instructed the Japanese Minister at Peking to inform the Chinese Government as follows:

JAPANESE NOTE, JANUARY 19, 1920

"First—That the Japanese Government, desiring to open negotiations with China relative to the restoration of Kiaochow and the settlement of details incidental thereto, and hoping thus to effect a speedy solution of the entire question, expresses the hope that the Chinese Government will make the necessary preparations for negotiations.

"Second—That it is the intention of the Japanese Government to withdraw its troops from along the Shantung Railway as a matter of course upon agreement between the two governments regarding the disposition of Kiaochow. In fact, the Japanese Government wishes to withdraw its troops as speedily as possible, even before an agreement is entered into, but, in the absence of any competent force to assume the duty of guarding the railway after evacuation, it is constrained to keep those troops temporarily stationed there to insure the security of communications and safeguard the interests of Japan and China, who are copartners in a joint enterprise."

The Japanese Government, therefore, hoped that the Chinese Government, appreciating the intentions of Japan, would promptly organise a police force to replace Japanese troops guarding the railway, even before agreement was reached as to other details. The Japanese Government was fully prepared to proceed with negotiations to carry out its pledges, but nearly three months passed without a reply. It is a source of deepest regret that at a time when all nations of the world are making efforts for the establishment of enduring peace, questions of importance remain unsettled between Japan and China.

The Japanese Government, being all the more desirous of speedily settling the matter for the mutual benefit of the two countries, instructed the Japanese Minister in Peking, on April 26, to urge upon the Chinese Government the importance of taking the necessary steps.

It was not until May 22 that the Chinese Government replied to this request of the Japanese Government. The reply was in the nature of a request for delay, the Chinese Government saying:

CHINESE REPLY, MAY 22, 1920

"The Chinese Government fully appreciates the intention of Japan to prepare for the evacuation of troops along the Kiaochow Railway, which is incidental to carrying out the terms of the Treaty of Peace. China, however, did not sign that treaty, and is not in a position to negotiate directly with Japan on the question of Kiaochow. Furthermore, the people throughout China have assumed an indignantly antagonistic attitude toward the question. For these reasons, and also in consideration of the amity existing between Japan and China, the Chinese Government does not find itself in a position to reply at this moment.

"On the other hand, the state of war with Germany having ceased to exist, all Japanese military establishments within and without the leased territory of Kiaochow are unnecessary, and the restoration of pre-war conditions is heartily desired by the Chinese Government. The people of China propose to effect a proper organisation to replace Japanese troops in order to secure and maintain the safety of the whole line. However, as this is independent entirely of the question of restoration of

Kiaochow, the Chinese Government trusts Japan will not delay the execution of the order for evacuation."

Upon receipt of this reply the Imperial Government of Japan addressed (on June 14, 1920), a note to the Chinese Government urging reconsideration. This memorandum reads:

JAPANESE NOTE, JUNE 14, 1920

"In its note the Chinese Government stated that it did not find itself in a position to meet promptly the request of Japan for the opening of negotiations looking to an adjustment of questions, arrangements for which were provided for in the Treaty of Peace with Germany. This stand on the part of the Chinese Government was taken because of the importance which it attaches to relations between Japan and China, because China has not signed the Treaty of Peace with Germany, and, further, because the people of China are indignant.

"The Japanese Government, however, would point out that a fundamental agreement exists between China and Japan as to the disposition of the leased territory of Kiaochow. Repeated declarations of the Imperial Japanese Government leave no room for doubt as to the singleness of purpose with which Japan seeks at the earliest date a fair and just settlement of the question. The Imperial Japanese Government, therefore, fails to understand the contention of the Chinese Government that it does not find it convenient to negotiate directly.

"It is a plain and positive fact that all the rights and interests that Germany formerly possessed in Shantung have been transferred to Japan in accordance with the Treaty of Peace. Since the Chinese Government had consented previously to the transfer of those rights and interests, they have rightly come into the possession of Japan. It follows naturally, therefore, that these rights cannot be affected in any way by the refusal of the Chinese Government to sign the Treaty of Peace.

"Immediately upon the coming into force of the Treaty of Peace with Germany, the Japanese Government, in accordance with its past-repeated declarations and pledges, proposed to the Chinese Government that negotiations be opened with a view to restoration of rights and interests in Shantung under the understanding reached in Paris, and that they also enter negotiations over matters in connection with the restoration of territory formerly leased to Germany.

"The Japanese Government had hoped the Chinese Government would respond readily to the proposal not to hesitate to open the way for the Japanese Government to demonstrate by concrete actions its policy of fairness and justice toward China.

"Contrary to expectations, however, the Chinese Government, after a delay of several months, replied that it did not find it advisable to negotiate, giving the reasons above stated. It is hardly necessary to point out, therefore, where rests the responsibility for delaying the settlement of the Shantung question. The Imperial Japanese Government, however, always considering the amity between Japan and China, hereby reiterates its declaration that it will accept a proposal for negotiations at any time considered agreeable to the Chinese Government.

"In connection with the railway guard along the Shantung railways, the Japanese Government refers to its note of January 19, containing the statement of its intention to withdraw Japanese troops at once, even before the conclusion of negotiations, if the Chinese police force is made competent to take over the responsibility of guarding mutual interests.

"Reference is made to military equipment established in and around Kiaochow. This constitutes additional ground for negotiations. It is with the desire definitely to settle with China as to the disposition of this equipment that the Japanese Government seeks to commence negotiations. If the Chinese Government shall proceed to negotiate, it need hardly be emphasised that all minor questions will be solved simultaneously."

In conclusion, while the Japanese Government deeply regrets the enforced delay in carrying out the agreements reached at the Paris conference, it stands unchanged in its sincere desire to promote a fair and just solution of this question with the least possible delay and to pursue a fixed policy toward China.

In view of the unusual extent to which Japan could exert her influence upon the Peking Government at the time—the Anfu Clique, known to be of pro-Japanese leaning, being the dominating power then behind the Government, China's steadfast refusal to negotiate directly with Japan for the restitution of

the Shantung peninsula was remarkable. This unalterable attitude can be explained on many grounds. In the first place, Mr. Lou Tseng-hsiang, the Chinese Minister of Foreign Affairs and China's chief delegate at Versailles, was opposed to direct negotiation, and his opposition for which he incurred the disfavour of the Anfu Clique was responsible for his resignation. The reason he gave for his opposition was also the reason held by the Chinese people in general: China could not negotiate the return of Shantung on the basis of the Chino-Japanese treaty of 1915 and the Versailles Treaty, neither of which had been recognised by her as valid or binding. And no doubt, the universal opposition against direct negotiation lent a good deal of moral encouragement to the Peking Government, whose eyes were finally opened to the advisability of avoiding any hurried step and to the possibility of submitting the question to the League of Nations. It was generally hoped that the boycott instituted against Japanese goods might help bring Japan to reasonable terms of settlement. "The longer China keeps away from direct negotiation," asserted those who placed full confidence in the power of the boycott, "the surer she is to obtain favourable terms." The Peking Government appreciated the possibility of the situation, and was also willing to adopt the suggestion, advanced by an English publicist in China, that a commission should be appointed to study the conditions in Shantung before opening discussions with Japan as to its return. All these considerations had a good effect upon the Peking Government which, in spite of the considerable influence brought to bear upon it by

pro-Japanese parties in China, set its face resolutely against direct negotiation.

More than a year had elapsed before Japan made another attempt to bring China to direct parley. The calling of the Conference to discuss limitation of armament and problems of the Pacific and the Far East stirred Japan to action once again. The fact that China was among the invited Powers to attend the Washington Conference made it reasonably certain that she would attempt to air all her grievances, of which the Shantung question could easily be the most serious. It was, therefore, obviously to Japan's advantage to dispose of it, if possible, in advance of the meeting of the Conference, so as to avoid an unpleasant arraignment before the bar of public opinion of the world. It was, besides, good diplomacy on Japan's part to show that she was quite disposed to settle the Shantung question if China were only willing to accept her terms. If accepted, well and good; if not, Japan would be in a morally strong position, and able to show the Washington Conference and the world that she was not responsible for the delay. Thus, on September 7, 1921, Mr. Yukichi Obata, the Japanese Minister in Peking, transmitted to the Chinese Foreign Office the following memorandum containing nine proposals for the settlement of the Shantung question, which represented, he said, Japan's final concessions: *

* It was asserted that the Japanese memorandum of September 7, 1921, containing nine proposals, was prepared in response to the wishes of certain officials of the Chinese Government, who were desirous of opening negotiations with Japan for the settlement of the Shantung question and anxious to see that a concrete project, "couched in just and reasonable terms," should be submitted by the Japanese Government with this object in view.

TRANSLATION OF THE PROPOSALS FOR THE SETTLEMENT OF THE SHANTUNG QUESTION PRESENTED BY THE JAPANESE MINISTER IN PEKIN TO THE WAICHAO PU ON SEPTEMBER 7TH, 1921.*

General principles for the readjustment of the Shantung questions:—

1. To return to China the Lease of the Kiaochow Bay Territory and the rights relating to the Neutral Zone.

2. In case the Chinese Government on its own initiative throws open the entire Leased Territory as a commercial port, recognizes the liberty of residence, industry, agriculture and other lawful undertakings of foreigners, and respects and recognizes the vested rights of foreigners, the Japanese Government agrees to the withdrawal of the proposal for the establishment of special and international settlements. With a view to foreign residence and commerce the Chinese Government will as soon as possible throw open suitable cities and marts in the Province of Shantung. The regulations governing the opening as marts of the above-mentioned places will be formulated by the Chinese Government in consultation with the interested countries.

3. The Shantung Railway and the mines appertaining thereto are considered as an organization under joint Chinese and Japanese operation.

4. All preferences and options relating to the employment of persons and the supply of capital and materials that are based on the Kiaochow Convention are to be renounced.

5. The right to the extension of the Shantung Railway and any option with regard to the Chefoo-Weishsien and other railways are to be assigned to the common undertaking of the new Consortium.

6. The Customs Administration at Tsingtao is to be made even more truly and clearly than the system under the German régime an integral part of the Chinese Customs Administration.

7. The administrative government properties within the Leased Territory are in principle to be ceded to China but further agreements will be made relating to the administration and maintenance of public constructions.

* This was published simultaneously in Peking and Tokio, on September 16, 1921. It may be noted here that the version given out by the Japanese Embassy at Washington referred (proposal 7) to the restoration of the public properties within the leased territory *in general*, while the version furnished by the Chinese Legation had the return of the public properties *in principle*.

8. For the conclusion of further agreements relative to the details involved in the execution of the above mentioned arrangements and to other matters the Chinese and Japanese Governments shall as soon as possible appoint delegates.

9. Although further agreements are to be concluded between China and Japan relative to the organization of the Special Police Force for the Shantung Railway upon receipt of the notification from the Chinese Government of the organization of the Police Force the Japanese Government shall according to its repeated declarations immediately announce the withdrawal of its troops and shall withdraw them upon the handing over of the functions of policing the railway to the Police Force.*

A close reading of the foregoing memorandum will readily show that, while it represented certain concrete proposals for the settlement of the Shantung question, they were open to serious objections. Take the first proposal, for instance. While Japan appeared to be generous enough to return to China the leased territory of Kiaochow Bay and the rights relating to the Neutral Zone, the acceptance by China of this generous offer would carry the implication that the territory and the Neutral Zone belonged to Japan and not to China. In other words, China

* The following is a Japanese official communiqué relating to Mr. Obata's Note to the Walchiaopu of the 7th of September, 1921:—

"In an interview on the 7th instant with the Chinese Minister of Foreign Affairs, the Japanese Minister presented to the former the compendium of items as the fundamental principles of negotiation for the settlement of questions regarding Shantung, appealing as he did to the earnest and serious consideration of the Chinese Government and urging again for the speedy opening of negotiations upon the matter. It was also proposed to the Chinese Government that the latter declare as soon as possible their willingness to open the said negotiations on the basis of the aforesaid compendium and that they appoint at the same time a commission for the purpose of arranging details and other matters relevant thereto.

"In view of wild conjectures being freely made outside upon the contents of the proposal of the Japanese Government and threatening to give rise to misunderstandings it is now deemed necessary to make public the said compendium, in order to make clear the real state of affairs."

This statement was followed by a Japanese translation of Mr. Obata's note, containing the nine proposals given above.

would be compelled tacitly to abandon her position that the lease of Kiaochow came to an end with her declaration of war upon Germany. And the third proposal could be considered as a "joker"; it referred nothing at all to the restoration or the redemption of the Kiaochow-Tsinan Railway, whereas it suggested joint enterprise which had been vigorously opposed by the Chinese people. The other proposals were either too vague in language or indefinite in meaning. It was with these objections in view that the Peking Government declined to accept them as adequate bases for negotiation. The following memorandum by the Chinese Government answered all the proposals, except No. 4, which was deemed satisfactory, and No. 8, which required no answer:

CHINESE MEMORANDUM, OCTOBER 5, 1921

With the reference to the important Shantung question, which is now pending between China and Japan, China has indeed been most desirous of an early settlement for the restitution of her sovereign rights and territory. The reason why China has not hitherto been able to commence negotiations with Japan is that the basis, upon which Japan claims to negotiate, is all of a nature so highly objectionable to the Chinese Government and the Chinese people that it cannot be recognized. Furthermore, in regard to the Shantung question, although Japan has made many vague declarations, she has in fact had no plan which is fundamentally acceptable. Therefore the case has been pending for many years, contrary to the expectation of China. On September 7, Japan submitted certain proposals for the readjustment of the Shantung question in the form of a memorandum, together with a verbal statement by the Japanese Minister to the effect that, in view of the great principle of Sino-Japanese friendship, Japan has decided upon this fair and just plan, as her final concession, etc. After careful consideration, the Chinese Government feels that much in Japan's new proposals is still incompatible with the repeated declarations

of the Chinese Government, with the hopes and expectations of the entire Chinese people, and with the principles laid down in treaties between China and the foreign Powers. If these proposals are to be considered the final concession on the part of Japan, they surely fall short to prove the sincerity of Japan's desire to settle the question. For instance:

Proposal (1) The lease of Kiaochow expired immediately on China's declaration of war against Germany. Inasmuch as Japan is only in military occupation of the leased territory, it should be wholly returned to China without conditions. There can be no question of any leasehold.

Proposal (2) As to the opening of Kiaochow Bay as a commercial port for the convenience of trade and residence of the nationals of all friendly powers, China has already on previous occasions communicated her intentions to do so to the powers, and there can be no necessity for the establishment of any purely foreign settlement again. Agricultural pursuits concern the fundamental means of existence of the people of a country; and according to the usual practice of all countries, no foreigners are permitted to engage in them. The vested rights of foreigners obtained through lawful processes under the German Régime shall be respected, but those obtained by force and compulsion during the period of Japanese military occupation and against law and treaties can in no wise be recognized. And again although this same article, in advocating the opening of cities and towns of Shantung as commercial ports, agrees with China's intention and desire of developing commerce, the opening of such places should nevertheless be left to China's own judgment and selection in accordance with circumstances. As to the regulations governing the opening of such places, China will undoubtedly bear in mind the object of affording facilities to international trade and formulate them according to established precedents of self-opened ports, and sees, therefore, no necessity in this matter for any previous negotiations.

Proposal (3) The joint operation of the Shantung Railway, that is, the Kiaochow-Tsinan Line, by China and Japan is objected to by the entire Chinese people. It is because in all countries there ought to be a unified system of railways, and joint operation destroys unity of railway management and impairs the rights of sovereignty. In view of the evils of the previous cases of joint operation and the impossibility of correcting them, China can now no longer recognize it as a matter

of principle. The whole line of the Shantung Railway, together with the right of control and management thereof, should be completely handed over to China; and after a just valuation of its capital and properties, one-half of the whole value of the line not returned shall be purchased back by China within a fixed period. As to the mines appurtenant to the Shantung Railway, which were already operated by the Germans, their plan of operation shall be fixed in accordance with the Chinese Mining Laws.

Proposal (5) With reference to the construction of the extension of the Shantung Railway, that is, the Tsinan-Shunteh and Kiaochow-Hsuchow Lines, China will, as a matter of course, negotiate with international financial bodies. As to the Chefoo-Weihsien Railway, it is entirely a different case and cannot be discussed in the same category.

Proposal (6) The Custom House at Tsingtao was formerly situated in the leased territory and the system of administration differed slightly from others. When the leased territory is restored, the Custom House thereat should be placed under the complete control and management of the Chinese Government and should not be different from the other Custom Houses in its system of administration.

Proposal (7) The extent of public properties is too wide to be limited only to that portion used for administration purposes. The meaning of the statement in the Japanese memorandum that such property will in principle be transferred to China, etc., rather lacks clearness. If it is the sincere wish of Japan to return all public properties to China, she ought to hand over completely the various kinds of official, semi-official, municipal and other public properties and enterprises to China to be distributed, according to their nature and kind, to the administration of the central and local authorities, to the municipal council and to the Chinese Customs, etc., as the case may be. Regarding this there is no necessity for any special arrangement, and

Proposal (9) The question of the withdrawal of Japanese troops from the Province of Shantung bears no connection with the restoration of the Kiaochow Leased Territory and the Chinese Government has repeatedly urged its actual execution. It is only proper that the entire Japanese Army of Occupation should now be immediately evacuated. As to the policing of the Kiaochow-Tsinan Railway, China will immediately send a suitable force of Chinese Railway Police to take over the duties.

The foregoing statement gives only the main points which are unsatisfactory and concerning which the Chinese Government feels it absolutely necessary to make a clear declaration. Further, in view of the marked difference of opinion between the two countries, and apprehending that the case might long remain unsettled, China reserves to herself the freedom of seeking a solution of the question whenever a suitable occasion presents itself.

The above exposition of China's attitude on the Shantung question was said to be unsatisfactory to Japan. In the Japanese press, it was considered as "discourteous" and "outrageous." It was reported that at the time when the above note was handed to the Japanese Minister in Peking, he declared that, inasmuch as he was not sure that the nature of the Chinese reply was acceptable to Tokio, he could only receive the note informally, with the understanding that it would be returned if it were unacceptable. The note proved to be unacceptable, in the sense that the views expressed therein were not shared by the Japanese Government, but it was not returned.

One consideration that had more than any other influenced the Peking Government to decline negotiation was the possibility of settling the Shantung question at the Washington Conference. The intention of the Chinese Government was perfectly clear when it declared in the above note that it reserved "the freedom of seeking a solution of the question whenever a suitable occasion presents itself." The Conference to be held in Washington to discuss Pacific and Far Eastern problems in connection with limitation of armament was considered "a suitable occasion." Indeed, the Peking Government made no secret of the fact, and it was generally assumed that

by bringing the Shantung question before the Washington Conference China could obtain better terms of settlement than she could through direct negotiation with Japan. In view of the imminence of the Conference, the Peking Government was, of course, averse to begin any conversations with Japan, which would in all probability continue beyond the date of the Conference and make it difficult to break off the parleys thus commenced in order to present the question to the Conference.

While the confident expectation of securing more than half a loaf at Washington seemed to justify the refusal by the Peking Government to accept the offer of mere crumbs from Tokio, still it would not be a bad policy for China to begin negotiations, in advance of the meeting of the Washington Conference, on those subjects that were susceptible of negotiation. The better part of wisdom would be that informal conversations should be opened with Japan, either in Tokio or Peking, and carried to a point where it would become apparent that Japan's terms were not acceptable and that settlement was, therefore, impossible through direct negotiation. In that case, China would be in the strategic position of knowing exactly what Japan wanted and what she was prepared to return. China would also be in a morally strong position to appeal to the public opinion of the world. She could demand immediate consideration of the question by the Washington Conference when it convened, and it could not afford to refuse the demand in face of the strong public opinion which was sure to rally to China's assistance. Unfortunately, however, the public sentiment in China was at the time

so overwhelmingly opposed to direct parley and so obsessed by the curative power, real or imaginary, of the Washington Conference that what promised to be the soundest and most practical procedure of arriving at a possible settlement of the Shantung question was discarded.

In spite of China's refusal for the second time to begin direct negotiations, Japan remained undaunted. In her note of October 19, 1921, she expressed her readiness once again to embark on negotiations on the Shantung question and the hope that China would soon change her policy "in full appreciation of the main purpose of the Japanese proposal and upon giving more deliberate consideration to the question now at issue." The note reads:

JAPANESE NOTE, OCTOBER 19, 1921

The Japanese Government have submitted to their most careful consideration the memorandum of the Chinese Government dated October 5th relative to the Shantung question.

The Japanese Government, animated as they have long been by a keen desire for the speedy settlement of this question, have hitherto spared no effort to achieve its realisation. In fact, directly the Treaty of Peace with Germany came into force in January last year, the Japanese Government invited the Chinese Government to enter into negotiations on this subject. No response, however, was returned from China for several months. When it eventually came, it simply expressed her unreadiness to proceed with the direct negotiations with Japan, on the ground of her non-adherence to the Treaty of Peace with Germany as well as of the opposition on the part of the general public to such steps. Whereupon the Japanese Government, while inviting the Chinese Government to reconsider the matter for the reasons then advanced, made known their willingness to open negotiations with China at any moment whenever considered opportune by her. More than twelve months have elapsed since then. Throughout that time, the Japanese Government have been

patiently waiting for the advent of a good opportunity for taking up this question, always hoping that the time may arrive when calm and fair counsels may prevail among the Government and people of China.

In the meantime, the attitude of the authorities concerned in China has undergone a considerable change. On more than one occasion they made it known to the Japanese Government that they were desirous of opening pourparlers with Japan on this subject. In particular, on the eve of Mr. Obata's departure for Japan in May last, the Chinese Foreign Minister expressed to him his ardent desire to see a concrete project presented by Japan, couched in just and reasonable terms, such as would simultaneously be deemed fair on all hands. Subsequently the authorities concerned in China confidentially presented to the Japanese Government a certain project in regard to this question, and later they expressed, though unofficially, their readiness to open negotiations with Japan. The Japanese Government, prompted by a desire to reach a satisfactory and speedy settlement of this question, and taking into full account the Chinese project above referred to, made an overture to the Chinese Government on September 7th last embodying most generous and fair terms, and invited to this the deliberate consideration of that Government.

Contrary, however, to the expectation of the Japanese Government, the Chinese Government, in their memorandum under consideration, expressed their unwillingness to proceed for the time being with the negotiations in question on the ground that the terms of settlement as proposed by the Japanese Government fall short of convincing them of the sincerity of Japan in her desire to settle this question. Further they used at the beginning of their memorandum an expression characterising most of the Japanese declarations hitherto made as hollow and devoid of meaning. The Japanese Government keenly regrets for the sake of China that such an expression derogatory to principles of international courtesy should have been used by her.

Furthermore the contentions put forward by China *vis-à-vis* the Japanese project are inexplicit and in particular there are a number of points to which the Japanese Government invites the reconsideration of the Chinese Government. For instance the argument advanced by her that the rights formerly enjoyed by Germany in regard to the lease of Kiaochow, having totally expired in consequence of China's declaration of war against

Germany, should be restored to China without conditions, is not only one hardly to be warranted by the principles and usages of international law or by the treaties in existence between China and Japan, but may be said to aim at the frustration of the effects of the Versailles treaty. On May 20th last the German representative in China declared in his statement addressed to the Chinese Foreign Minister that by virtue of the Versailles treaty, Germany had renounced all the rights and interests she formerly enjoyed in Shantung under the Sino-German agreements, and that she was no longer capable of restoring them direct to China. This declaration having been duly taken note of by the Chinese Government, they are deemed to be fully cognisant of the effects produced by the Versailles treaty. It will be remembered that the Chinese declaration of war against Germany was made in August, 1917, when more than two years had already elapsed since the transfer of the former German rights to Japan had been fully recognised by China in virtue of the Sino-Japanese treaty concerning Kiaochow and other matters, and China made her declarations of war only at the instance of the Allied Powers receiving in return for her action various advantages at their hands. The Chinese efforts in the war amounted to the deportation of Germans and Austrians from China and the dispatch of workmen to France. The Chinese contention, therefore, that the rights of lease expired entirely as a natural consequence of the Chinese declaration of war against Germany may be said to be tantamount to the wholesale abnegation of the treaties in existence as well as of all the established facts. The Japanese Government cannot but conclude that China has no respect for the fundamental ideas which should govern the negotiations on the Shantung question. *

As regards the Chinese assertion concerning the Shantung Railway, it appears that she intends to place its management under her own complete control and to leave for the time being one-half of the whole value to the railway unpaid. Japan, while entertaining no intention whatever of operating the railway exclusively by herself in any shape or form, is unable, in view of the actual railway conditions obtaining in China, to concur in the suggestion that the railway managements should be left entirely in the hands of the Chinese Government. In a word, Japan's desire is to operate the railway in the most successful manner by means of a harmonious co-operation of both countries. It will be recalled that the Shantung Railway was operated by Germany alone so

long as it remained in her hands and that Japan has taken it over from her to the sacrifice of lives and treasure. In spite of that, Japan intends to work it as a joint enterprise with China under a basis of utmost impartiality.

Further, it was in September, 1918, a date long after the Chinese declaration of war against Germany, that it was arranged between China and Japan to operate the Shantung railway as their joint enterprise. The Japanese Government are, therefore, unable to understand the Chinese contention in this respect, impugning the Japanese claim as being an act which violated Chinese sovereignty. It is to be observed that the Reparation Commission, after having duly appraised the value of the Shantung Railway together with appertaining mines, placed it to the credit account of Germany with a view to setting it off against the indemnity to be paid by that Power. It is, therefore, inadmissible that China should claim to retain one-half of such railway properties in her hands without conditions.

As regards the Japanese proposal relative to the public property of Germany, Japan, while ready in principle to restore the so-called administrative public property to China, has no intention whatever of retaining all the other public property in her hands, her wish being to make, in the interest not only of the people of China and Japan but also of the foreign population in general, a satisfactory arrangement with China looking to an impartial disposition of such property. The Chinese claim to hold it entirely in Chinese hands is one which can hardly be justified in the nature of the case. Moreover the Japanese Government must confess that they are unable to comprehend the Chinese assertion that the Japanese project is entirely at variance with the principles underlying all the treaties between China and Foreign Powers.

The Japanese Government, however, is happy to declare hereby that whenever the Chinese Government, in full appreciation of the main purpose of the Japanese proposal and upon giving more deliberate consideration to the question now at issue in the interest of cordial relations between China and Japan, shall express their willingness to open negotiations, will always be found ready to embark upon such negotiations.

Japan's insinuation that her proposal of September 7 was made in answer to the wishes of the Chinese

Foreign Minister could not remain unchallenged. On November 4, the Chinese Government sent the following 2,000-word note in reply:

CHINESE REPLY, NOVEMBER 4, 1921

On October 19, the Japanese Government again presented to the Chinese Government a memorandum relative to the Shantung question. After careful consideration, the Chinese Government feels that the Japanese Government not only differs fundamentally from the views of the Chinese Government as expressed in its memorandum of October 5, but also shows apparently much misunderstanding in its interpretation of the text thereof. The Chinese Government, therefore, deems it highly necessary to make a further declaration concerning the past facts and its uniform point of view from first to last.

The Shantung question concerns the vital interest of China. The Chinese Government is very earnest in its sincere endeavors to find an early solution of the question even much more so than Japan. It is only due to the fact that the bases of settlement proposed by the Japanese Government are altogether too far apart from the hopes and expectations of the Chinese Government and people, that they cannot but calmly and patiently wait for an opportunity to come when Japan may reconsider her position.

As to the statement embodied in the Japanese memorandum under consideration to the effect that, on the eve of Minister Obata's departure for Japan in May last of this year, Foreign Minister Yen formally declared to him his desire to see a concrete project presented by the Japanese Government couched in just and satisfactory terms such as would simultaneously be deemed fair by all nations, it has to be observed that when leaving for Japan, Minister Obata inquired of Dr. Yen as to his personal views on the Shantung question. It is evident, therefore, that Dr. Yen's answer to his inquiry is purely personal and is not, as it is alleged, a formal statement by the Chinese Minister of Foreign Affairs.

Again it is alleged in the Japanese memorandum under consideration that the Chinese Government authorities have confidentially presented to the Japanese Government a certain project of the settlement of the question and that they also unofficially

expressed their readiness to open negotiations with the Japanese Government. As to these allegations it is highly probable that they must have risen out of misunderstandings caused by the round-about repetition of personal conversations between General Bansai and Councillor Yu. It would seem to be wanting in discretion if these private conversations between individuals were to be referred to as grounds for the presentation of the Japanese proposals in their present form.

As to the memorandum handed by China to the Japanese Minister on October 5, it enumerates and points out the differences of view between China and Japan both regarding the principles underlying the proposals of Japan and regarding the contents of the terms. If Japan had a true understanding of them, she should certainly propose a project more substantial and just as would be generally recognized as fair by all sides. It is, however, highly regrettable that Japan has not given any sign of concession, but, on the contrary, maintains that China has openly indicated her willingness to proceed with the negotiations in question.

It is to be observed that the reason why the representatives of China were not able to sign the Versailles Treaty was simply because of the few articles therein relative to the Shantung question. Since China has not signed the Versailles Treaty it is impossible to oblige China to accord recognition to the effects arising from the said treaty regarding the Shantung question. Therefore, while Japan considers that the leasehold of Kiaochow has been transferred to her through the operation of the Versailles Treaty, China on the other hand deems that it has expired through the declaration of war against Germany. This difference of viewpoint, if insisted upon by both countries, will forever deprive this question of a solution. Since Japan is willing to restore Kiaochow completely to China, there is no more necessity for her to insist on the aforesaid point of dispute.

As to the criticism directed against the declaration made by the German representatives to China, it is to be observed that at the time when they came to negotiate the Commercial Agreement with China, China still insisted on her demand for the restoration of Kiaochow, but, owing to the circumstances of the European War and to treaty restraint, Germany lost by *force majeure* her power of returning Kiaochow to China, for which she expressed her regret to the Chinese Government. To this, it must be also noted, the Chinese Government has only declared

its acknowledgment of Germany's explanation as such and no more. Indeed, it is a serious misunderstanding on the part of Japan to construe this incident to mean China's recognition of the Versailles Treaty.

Again it is to be observed that the Kiaochow-Tsinan Railway, built within Chinese Territory, was primarily an undertaking of a corporation and Chinese capital was also invested in it. It was not the public property of Germany, nor was it private property exclusively belonging to Germans, although it was temporarily operated by the Germans. China had long been looking forward to an opportune moment for its reclamation.

Furthermore, the right of policing the railway belonged exclusively to China; there was absolutely no military necessity justifying the occupation of the railway by Japan and there was really no justification for the occupation of the railway for the Japanese Army. Furthermore there were then no German troops stationed along the line of the railway except at that part lying within the leased territory. At the time of the occupation of the railway, Japan encountered no resistance whatever and she can have no ground to claim to any sacrifice of life and treasure suffered on account of the railway. Later when China joined the belligerent nations on the side of the Allies it was only proper that all railways within the territorial bounds of China should be returned to her own control. However, the Japanese troops remained, refusing to withdraw and caused innumerable and endless losses and damages to the Chinese people along the line of the railway. The Chinese delegates had not hesitated to declare this fact repeatedly in the Peace Conference at Paris. The Chinese memorandum of October 5 proposes to reclaim the right of control over the railway—not to divide its entire capital and property into two halves—and that, as to the half obtained by Japan, it is to be redeemed by China in successive periods. This arrangement, in the opinion of the Chinese Government, is very fair and just, and it is to its great regret that Japan has referred to it as a proposal devoid of meaning.

It is to be inferred that in the opinion of the Japanese Government the capital and property of the Railway have been adjudged by the Reparations Commission to offset German indemnities. However, it must not be overlooked that China has not signed the Versailles Treaty, consequently how can the Reparations Commission, which is created to make disposition of property within Chinese territory to satisfy the indemnity

obligations of Germany? Furthermore, owing to China's participation in the War on the Allies' side, Germany has also a certain amount of indemnity to pay to China. If the Kiaochow-Tsinan Railway is to be used as an article to satisfy indemnity obligations, China, it is more than evident, should be reimbursed first.

Again with reference to the disposition of public properties belonging to Germany, as long as the Japanese Government has no intention of holding the various kinds of properties, it is only right that they should be handed over to China for proper administration, indeed in the interests of the nationals of foreign countries.

The Chinese Government is most desirous of deciding upon a just and fair plan of settlement, but so far the Japanese Government has not presented to China its avowed contract and fair project. It is, therefore, impossible for the Chinese Government to define its attitude either one way or the other. In a word, the views of the Chinese Government have already in general appeared in its memorandum of October 5. Owing to the fact that in her second memorandum, Japan has not yet understood China's views and further that, with reference to the railway, her proposals are more difficult to accept than as stated in the first memorandum leading perhaps in a direction contrary to that of an early solution of the question, the Chinese Government does not hesitate, therefore, in taking pains again to make a further declaration and deeply hopes that, for the sake of the everlasting peace of the Far East and in the interest of true Sino-Japanese friendship, the Japanese Government will again give its fullest consideration to the question.

In conclusion, with reference to the Japanese troops in Shantung Province the Japanese Government has long been promised to withdraw them in advance and their actual evacuation at an early date. It is to be recalled it was also urged by China in her last memorandum. However, until the present, the actual evacuation has not yet begun. As promised and requested, the Japanese troops in question should be recalled at an early date while the responsibility of policing the railway will as a matter of course, be assumed by China's own police force.

WAICHIAO PU.

Within a week of the delivery of the Chinese reply, the Washington Conference began its sessions. It

seemed that there was no choice now but to bring the question before the Conference as the Chinese Government and people had desired. But they were bound to be disappointed, for, as will be made clear in the following chapter, the Conference refused to take cognisance of the Shantung question. At any rate, with China declining for the third time, attempts at direct negotiation were definitely ended.

XVIII

THE SHANTUNG QUESTION AT THE WASHINGTON CONFERENCE

WHEN the Peking Government rejected, on November 4, 1921, Japan's final overture for "direct negotiation" for the restoration of the Shantung province, it was as good as settled that China would bring up the question at the Washington Conference where it could be discussed and re-adjusted in the full view of the other Powers participating in the Conference. For some time there had been a good deal of speculation as to the possibility of China's bringing the question up at all. Inasmuch as the Far Eastern programme of the Conference included questions of China's territorial integrity and administrative independence, and inasmuch as Japan's continued occupation of Shantung and control of the railways in the province would violate this very integrity and independence, it was very difficult, indeed, to avoid discussing the question. Thanks to the good offices of Mr. Hughes and Mr. Balfour, which were accepted by both the Chinese and the Japanese delegates, "conversations" were commenced, December 1, looking toward a settlement of the Shantung question. It was agreed that the result of the "conversations," failure or success, should be reported to the Conference.

It is hardly necessary to say that the Shantung

negotiation begun under the auspices of the Conference, but not as a part of it, and assisted by the official "observers" of the American and British Governments, was in the nature of a compromise between the Japanese viewpoint, which insisted that this question lay solely between Japan and China, and the Chinese viewpoint, which contended that it was an international problem. The Japanese had maintained that the Shantung question concerned Japan and China alone, and as such, its settlement could be effected only through direct negotiation between the parties concerned. The Chinese had maintained that it was an international problem, concerning not only Japan and China, but also many other Powers who were interested in its settlement. Thus, while the Japanese Government had on three different occasions (January 19, 1920, September 7 and October 19, 1921) made overtures for "direct negotiation," for three times (May 22, 1920, October 5 and November 4, 1921) the Chinese Government had declined it. The sentiment of the Chinese people was, of course, strongly and vociferously opposed to "direct negotiation" which they had reason to think might be seized upon by Japan as an opportunity to strike a hard bargain with China, seeking to restitute Shantung in name, not in fact. The procedure adopted at the Washington Conference to bring about "collateral conversations" on the Shantung question was, therefore, a happy compromise between the Chinese and the Japanese viewpoints. It saved the face of the Japanese, for, after all, they negotiated directly with nobody else but the Chinese representatives themselves for the settlement of the Shantung ques-

tion; it saved the face of the Chinese, for, in the constant presence of the American and British "observers," the "conversations" they embarked upon could not be justly and accurately described as "direct negotiation."

But the point has not been very clearly understood that China's consent to negotiate with Japan, in connection with the Conference, on the return of Shantung, was not entirely due to the offer of good offices by Secretary Hughes and Mr. Balfour. It was due in part to a keen realisation by the Chinese Government and its representatives at the Conference that failure to settle the Shantung question at Washington would either postpone the settlement indefinitely or make it necessary to fall back upon "direct negotiation" between Peking and Tokio. The Chinese Government had three times refused "direct negotiation"; public opinion in China would not allow it. It would be, therefore, very difficult indeed to carry on "conversations" between Peking and Tokio, which could bring about a satisfactory solution. On the other hand, it was conceded to be most unwise to leave the problem where it had been for the last seven years. Not only would it remain an international sore spot and make impossible the establishment of cordial relations between the two nations, but also it would serve as a convenient excuse for Japan's continued occupation and penetration of the Shantung province. Her position in Shantung might be so firmly entrenched, politically and economically, that it would be extremely difficult to dislodge her in the future. Confronted with this dilemma, the Chinese delegates gladly availed themselves of the oppor-

tunity afforded by the Conference and the offer by Secretary Hughes and Mr. Balfour of their friendly assistance.

At the outset of the Conference, the Chinese delegates were pressed by the people at home and public opinion abroad to take up the Shantung question immediately. While it was generally conceded that an adjustment of the question would be considered very necessary in connection with the Conference, the exact manner in which it was to be taken up was not known. It was urged, and repeatedly reported, that the Chinese delegation would bring up the question before the full session of the Conference. But this talk never went further than the newspaper columns. The failure of the Chinese delegation to present it to the Conference was perhaps due to the fact that, out of all the Powers attending the Conference, no less than six were signatories to the Versailles Treaty which handed Shantung to Japan. They were, very naturally, averse to any revision by the Washington Conference of their own decision, and preferred to have Japan and China to argue their respective views and arrive at a solution between themselves. This view was made known to the American Government. Thus, when approached by the Chinese delegates as to the possibility of taking up the Shantung question before the Conference, Secretary Hughes made it very clear to them that this could not be done. The Chinese delegates, upon whose shoulders rested the responsibility of disposing of the Shantung question and from whom much was expected at home, found themselves again in a dilemma. On the one hand, they were instructed by their Government and

pressed by their people to bring the Shantung dispute before the Conference. Failure to do this would mean practically the failure of their mission. On the other hand, they were told that this could not be done. They could see no graceful way out. But their embarrassment was greatly relieved when Secretary Hughes and Mr. Balfour offered their good offices, which made it possible to begin the Shantung negotiation at the Conference and yet without it.

The acceptance of the good offices was at once taken as the beginning of "direct negotiation," against which the people in China had been opposed most strongly. It was thought that the resort to good offices was mere subterfuge. This mistaken conception was responsible for numerous demonstrations both in China and in Washington against the opening of the Shantung "conversations" outside of the Conference. But it must be understood and remembered that Washington is not Peking, and that the Chinese representatives at the Conference are not known to be yielding and complacent. With the "conversations" carried on in the full view of the nine Powers participating in the Conference, and with the representatives, or "observers," of the American and British Governments constantly present, not much opportunity was left for the Japanese diplomats to exercise their knavery and trickery which were quite possible in the stolid atmosphere of Peking or of Tokio.

The "conversations" between the Chinese and Japanese delegates relating to the Shantung question began at 3 p. m., December 1, 1921, in the Conference Room of the Pan-American Building. Mr. Hughes

and Mr. Balfour opened the meeting and then retired, leaving Sir John N. Jordan, Mr. Miles Lampson, Mr. J. V. A. MacMurray and Mr. Edward Bell as the British and American "observers." The presence of these "observers" at the Shantung conversations was pointed out as something which distinguished them from "direct negotiation."

In response to the opening remarks of Mr. Hughes and Mr. Balfour, both of whom expressed their gratification in the acceptance by China and Japan of their good offices so as to bring about a fair and satisfactory arrangement of the Shantung dispute, Baron Kato and Dr. Sze made, respectively, the following statements which were given out in the official communiqué. The Japanese statement reads:

"We are sincerely gratified by the opportunity which has been afforded us to meet with the representatives of China in an attempt to arrive at a satisfactory adjustment of the Shantung question. We cannot let this occasion pass without expressing our deep appreciation of the good offices of Secretary Hughes and Mr. Balfour, which has made the present meeting possible.

"It is needless for us to assure you that Japan is eagerly looking forward to an early settlement of this long-pending controversy. We may add that it is the desire of the Japanese people to eliminate all cause of misunderstanding between China and Japan in order that these two neighboring nations of the far East may live in future in perfect harmony. And we have no doubt that this sentiment is fully shared by our Chinese friends.

"We are not unmindful of the difficulties with which the Chinese Government is being confronted in entering into direct negotiations on the subject. We are, however, confident that, if approached from a broader perspective, the question should be susceptible of a speedy solution. The true and vital interests of the two nations are in no way conflicting. It is unfortunate that the real issues involved have been very largely misunderstood in the popular mind. The term 'Shantung question' is

itself a misnomer. The question is not one which affects the whole province of Shantung. The important points now awaiting adjustment relate only to the manner of restoring to China an area of territory less than one-half of one per cent. of the Shantung province, and also to the disposition of the railway, 290 miles long, and its appurtenant mines, formerly under exclusive possession and management of the Germans. There is absolutely no question of full territorial sovereignty; that is being exercised by China throughout the length and breadth of the Province.

"Careful examination of the correspondence recently exchanged between Japan and China will show that the divergencies of opinion between the two governments are more apparent than real. We are hopeful that this meeting will be able to determine in common accord the essential terms of settlement, leaving the matters of detail or of local nature for arrangement by the commissioners of the two governments to be specially appointed for the purpose."

The statement by Dr. Sze on behalf of the Chinese delegation reads:

"Mr. Hughes and Mr. Balfour:

"I desire first of all to express, on behalf of the Chinese delegation, the sincere thanks and appreciation for the friendly and good offices that you two gentlemen have offered on behalf of your two countries in bringing about conversations with a view to a fair settlement of the Shantung question. I need not add anything more to what I said yesterday at the general meeting of the full committee.

"The Shantung question is one of vital importance to China. Its importance to China and the difficulties connected therewith are too well known to all to need any remarks by me to-day. It is universally admitted that the condition is unsatisfactory and that an early and speedy solution, fair and just and satisfactory to the desires and aspirations of the Chinese people, is necessary.

"I join with you all in the hope that our conversations will be fruitful of results, resulting in a fair and just settlement.

"With reference to the observation of Baron Kato that the Japanese Government was not unmindful of the difficulties which have confronted the Chinese Government in regard to the method of settling this question, the Chinese delegation is gratified that

these difficulties have been perceived by the Japanese delegation—difficulties which have made necessary the resort to the present procedure which, under the good offices of Mr. Hughes and Mr. Balfour in behalf of their respective governments, has been initiated.”

In thus commencing “conversations” looking towards a Shantung settlement, the Chinese delegates were compelled to accept a very disadvantageous situation, which might be, under the existing circumstance, hard to avoid. “It was agreed on the part of the two delegations,” the communique announced, “that in discussing the Shantung question they would take the actual facts and not the academic viewpoints as the basis of discussion which will be for the sole purpose of promoting mutual understanding and good neighborhood between China and Japan, and without giving ground for the least inference that the discussion will be based on the treaty arrangements which have been in dispute between these two countries or others.” In other words, the Chinese delegates agreed to discuss the Shantung question, not on the basis of the fact that China’s declaration of war upon Germany abrogated the Convention of March 6, 1898, and that China was not a party to the Versailles Treaty, but on “the actual facts” pertaining to Japan’s occupation of the province. It was not known why this understanding was necessary. It was perhaps designed to induce Japan to give up her “academic viewpoints” and her insistence upon the treaties of 1915 and 1918, the Secret Allied Agreements, and finally the Versailles Treaty. It was perhaps meant to avoid any reference to the Versailles Treaty so as not to embarrass those Powers at the

Conference who are its signatories. It might be due to the desire on the part of both the Chinese and the Japanese delegates to effect a settlement of the dispute without referring to the very treaty arrangements out of which the dispute had grown. Whatever may be said, it is nevertheless true that the position taken by the Chinese delegates at the Washington Conference was the reverse of that taken by the Peking Government. In its notes of May 22, October 5, and November 4, 1921, the Peking Government consistently maintained the position that it could not enter into direct negotiation with the Japanese Government on the restoration of Shantung, on the ground that the original lease Convention was abrogated upon China's participation in the European war and that she was not a party to the Versailles Treaty of Peace. Now for the Chinese delegates to abandon this contention was to reverse the position which the Peking Government had hitherto maintained. This abandonment left them no choice but to accept the implied but none the less clear position of a supplicant, that of trying to get back from Japan as much as possible, after granting that everything in Shantung was lost to her.* It stands to reason that

* Take, for instance, the following statement by Mr. Hanihara, one of the Japanese delegates, on the Shantung railway question, and who can deny that its bold-facedness was largely due to the abandonment by China of her original position? Mr. Hanihara said in a newspapermen's conference, January 6, 1922: "Japan's last proposal is to transfer the railway property under a railway loan arrangement, but China says that it is not acceptable, and the Chinese proposition is to make a full payment in cash or to make deferred payments. Japan's position is not to sell the property—the question is not one of selling out. Japan's original proposition was to make the railway a joint enterprise of Japan and China. The starting point of Japan's proposal is that *the railway is Japan's property and not China's*, but as China expressed her wish to have a share in the property, we said, 'We will let you in half and half.' But now they say this is not acceptable to them; that they want the whole railway."—*The New York Times*, January 7, 1922.

the Chinese delegates agreed to this abandonment not without due sanction from the Peking Government. In that case, the Peking Government reversed its own position.

At the first few meetings, the minor issues, such as the transfer of public properties, were discussed and disposed of. There was no difficulty in reaching a mutual agreement. For some time, therefore, the "conversations" went on rather smoothly, promising all hopes for an early agreement which would remove the Shantung question from the field of international controversy. But the affair was not to be plain sailing. The Chinese and Japanese delegates found themselves quite far apart in their viewpoints, when they began to discuss the administration of the Kiaochow-Tsinan Railway, which was really the heart of the entire Shantung dispute. Apparently, it was the intention or policy of the Japanese delegates to dispose of the minor issues first, leaving this central problem of the Kiaochow-Tsinan Railway to the end. On the other hand, the Chinese delegates, already overwhelmed with demands for an immediate settlement of the railway, considered it unwise to take up the details first and leave to the very end this railway question which would in no small measure determine the failure or success of the negotiation. The Japanese delegates were finally persuaded to accept the Chinese point of view, and at the ninth meeting, consented to take up the railway question. Thus, beginning from December 10, 1921, the "conversations" were confined to the disposition of this railway, its purchase price, its future administration and control, and the way in which the price was to be paid.

The "conversations" resulted, however, in nothing more than what was characterised in the official communiques as an "interchange of views" between the two delegations. At the sixteenth meeting, held on December 19, signs of a deadlock became visible when the Japanese delegates insisted upon their proposal that, in consideration for the restoration of the railway, the posts of the chief engineer, chief accountant, and chief traffic manager of the line should be given to Japanese nationals. It seems that the vantage point where the Japanese delegates commenced their "conversations" was that the Kiaochow-Tsinan Railway, together with its branches and appurtenances, was Japanese property. As a concession to China, they proposed to make the railway a joint enterprise, and as a further concession to China, they now agreed to sell it to her, at the value assessed by the Interallied Reparation Commission, which is 53,406,141 gold marks. But they insisted that there must be a condition to this sale: Japan should be given the opportunity to retain an interest in the railway.

There might be a thousand and one ways whereby Japan could retain an interest in the railway. But the specific ways which the Japanese delegates proposed consisted in making a long-term loan to China for the purchase of the railway and appointing Japanese subjects to the posts of the chief engineer, chief accountant, and chief traffic manager of the line for the duration of the loan.

On the other hand, the Chinese delegates announced that China was ready, through a Chinese banking consortium, to buy the railroad at the assessed value

and to conclude the deal at the end of ninety days. This proposal met with instant rejection by the Japanese delegates, who explained that such a precipitated transfer of the railway would injure Japan's economic interests in the Shantung province. In order to meet the Japanese objection, the Chinese delegates brought forth a new proposal, which was to pay for the railway in installments covering a period of three years. The Japanese delegates did not object to the proposal, but they suggested that the installments should be extended to cover a period of twenty-three years. It was, of course, understood, that during this period Japan was to have her nationals holding the posts of chief engineer, chief accountant, and chief traffic manager of the railway. Japan's ground for wishing to extend the period was that her trading interests in the province would be adversely affected should the railway be suddenly or immediately returned to China. Japanese delegates went even so far as to intimate that it was their suspicion that if they should accept cash payment for the road or agree to a short period in which China was to pay the installments, China would discriminate Japanese traders along the railway. The period was later, upon China's objection, reduced to twenty years.

The Chinese delegates could not, of course, accept such a proposal. They insisted upon their offer to take over the railway at once and pay for it by installments within three years. This insistence brought forth a sharp question from the Japanese delegates who pointed out that China's present indebtedness to Japan amounting to over two hundred millions

had not yet been paid, and asked what security China could offer for cash payment for the railway.

At the seventeenth meeting, held on December 20, the question of payment and that of employing Japanese nationals in administrative positions of the railway were again discussed. Besides the plan of payment in cash, the Chinese delegates offered an alternative plan, which was to pay for the railway in six installments at intervals of six months each, the first to be made in cash and the remaining five to be made in Chinese Government Treasury Notes secured by revenues of the railway. The Chinese delegates also offered to pay interest at a reasonable rate upon the deferred payments, and were ready to give a categorical assurance that in the operation of the railway after its restoration to China there would be no discrimination against traders of any foreign nationality.

Taking up the question of cash payment, the Japanese delegates once more raised the point as to China's ability to pay. They once more asked what assurance they could have that China would pay if the road were turned back. They considered it necessary that, in the case of cash payment, 32,000,000 Mexican dollars should be deposited in a neutral bank before the transfer of the railway took place. The Chinese delegates objected to making a single deposit of this huge sum for the reason that it would disturb the money market in China and that it would entail upon China a considerable loss of interest. They suggested, however, to extend the period of cash payment from three to nine months, and to make deposits in a neutral bank every three months. Minister Sze

made the concrete proposal that two-fifths of the amount could be deposited in a neutral bank at the end of the first three months after the conclusion of the Shantung settlement, that at the end of another three months another fifth should be deposited, and that the remaining two-fifths should be paid in at the end of nine months after the conclusion of the Shantung agreement. This proposal was made in accordance with the tentative understanding reached between the Chinese and Japanese delegations that the transfer of the railway was to be effected within nine months. But the Japanese delegates refused to accept the proposal, on the ground that it did not furnish the necessary guarantee for the payment by China of the remaining three-fifths into the neutral bank after the transfer of the railway property had begun, and that any attempt by China to raise the necessary fund to meet her obligations would arouse the sentiment of her people against Japan. The Chinese delegates emphasised the necessity that Japan should have a certain amount of confidence in China's ability to pay, and pointed out that even in ordinary business transactions nothing could be accomplished if the business men were without some degree of confidence in each other's good faith. But the Japanese delegates stood on their ground. They insisted that, if the plan of cash payment were accepted, the entire amount would have to be deposited in a neutral bank prior to the transfer of the railway and its appurtenant properties.

Referring to the installment plan, which the Japanese delegates accepted "in principle," they wanted to know what security they could have for future pay-

ments. When offered with Chinese Government Treasury Notes or the notes of the Chinese Bankers' Union as security, the Japanese delegates asked what security could be offered for the notes. To this, the Chinese delegates readily replied that the notes could be secured on the property and the revenue of the railway. But the Japanese still fell back upon their early proposal that the period of payment should be extended to twenty years, so that Japan could retain an interest in the railway. In order to meet the Japanese desire more than half way, the Chinese delegates finally offered to spread the payments over a period of ten years, with the option to make a final settlement after three years. As a counter-proposal, the Japanese suggested five years as the option period. Seeing that it was only two years longer than their original proposal, the Chinese delegates suggested, as a further compromise, that two years could be added, not to the option period, but to the full term of ten years, thus spreading the payments over twelve years. This proposal was also declined by the Japanese.

The Japanese delegates then suggested that Japan should have an interest in the road on the same or similar terms as other foreign Powers having interests in Chinese railways built by foreign capital. In plain words, they wanted China to make a loan from Japan, running from twenty to thirty years, with which to pay for the railway, so that the Japanese capitalists would be placed on an equal footing with American, Belgium, British and other foreign capitalists with respect to Chinese railway loans. The Chinese delegates pointed out, however, that the Kiaochow-Tsinan Railway could not be placed

on exact parity with other foreign-built railways in China. Most railway loans, running from twenty to forty years, were contracted for the roads yet to be built. In view of the fact that the construction might take more than ten years, the long-term loans were not only wise, but also necessary. The Kiaochow-Tsinan Railway has been built and in operation for twenty years. The necessity for a long-term loan, therefore, does not exist. In the case of new railways being or to be constructed, their earning power could not be definitely ascertained beforehand. On the other hand, the earning capacity of the Kiaochow-Tsinan Railway is well-known and its annual revenue can be counted upon for paying off the purchase price. And besides, the Kiaochow-Tsinan Railway was built with Chinese and German capital, not Japanese.*

Another contention which the Japanese delegates refused to yield was that the chief engineer, chief accountant, and chief traffic manager of the railway should be Japanese. It was entirely out of the question that China could ever consider such an outrageous proposition. To accept this claim would be tantamount to buying back the railway only to hand it to Japanese control. The Chinese delegates, animated as they were by a true spirit of compromise and an earnest desire for early settlement, were, however, sufficiently reasonable as to offer to appoint a Japanese district engineer, a Japanese associate accountant, and a Japanese associate traffic manager

* The Kiaochow-Tsinan Railway was built, operated, and owned by a Chinese-German company, chartered in Berlin, in which the Chinese had no less than 360 shares of 1,000 gold marks each.

on the railway. The fairness of the offer was apparent, but the Japanese refused to accept it.

It is thus evident that the Japanese delegates refused to recede a single step. They seemed to be fully determined that if the railway question was to be settled it should be settled according to their terms. With the Chinese delegates refusing to concede any further, and with the views of the two delegations so wide apart, there could be no progress in the "conversations." The Japanese delegates announced that they "could not recommend any settlement of the railway question." Mr. Hanihara, in a formal statement read on their behalf, announced their decision to discontinue the "conversations," leaving the question to Tokio for settlement. In the official communique, issued at the conclusion of the (seventeenth) meeting, it was declared that the question regarding the mode of payment and the employment of Japanese experts in the service of the railway involved many difficult points "on which it was found necessary for the Japanese delegation to consult its home Government." The meeting was adjourned *sine die*, "pending receipt of instructions by the Japanese delegation from Tokio." The decision by the Japanese delegations to suspend the Shantung "conversations" was thus disguised as a case of waiting for instructions from their home Government.

In the absence of adequate publicity, the suspension of the Shantung "conversations" became at once a fruitful source of journalistic speculation. It was hinted in certain quarters that China was responsible for the break, as she was anxious to end the direct "conversations" and bring the Shantung question

before the Conference. Those who were better informed of the situation knew at once that the Japanese delegates were playing for time.

Strong suspicion existed at the time that the sudden decision of the Japanese delegates to suspend the Shantung "conversations" was largely due to the desire on the part of the Tokio Government to avail itself of the opportunity for direct negotiation with the Peking Government, which the fall of the Chinese cabinet, headed by General Chin Yung-pang, and the organisation of a new cabinet by Liang Shih-yi, seemed to promise. On December 25, 1921, the new cabinet assumed office. Conversations on the Shantung question took place between Liang Shih-yi, the new Premier, and Mr. Obata, the Japanese Minister in Peking, on the occasion of the Japanese diplomat's official call. This interview gave birth to a crop of rumours that Japan, just as she had done during the Versailles Peace Conference,* sought to bring pressure to bear upon the Peking Government to force a settlement over the heads of its representatives at the Washington Conference. It was vigorously asserted, and equally vigorously denied, that the Peking Government, under the new cabinet, had yielded to the Japanese Minister and had instructed its representatives at the Washington Conference to accept the Japanese proposal of a railway loan, together with the condition of employing Japanese nationals to be the chief engineer, chief accountant, and chief traffic manager of the Shantung railway. In the absence of documentary proof, it is difficult

* *Vide* Note II, Chapter X.

either to affirm or to deny the report. The Chinese delegates refused to comment on the matter publicly, and for a while, they maintained silence, which was interpreted as an eloquent affirmation of the truthfulness of the report. Whatever might be the case, it may, however, be safely said that the report of direct negotiation at Peking was responsible for a number of strong-worded telegrams circulated by some of the prominent political leaders in China, and caused a painful searching of heart among the Chinese delegates themselves. It may also be safely said that the suspension of the Shantung "conversations" at Washington was clearly due to the desire on the part of the Japanese Government to postpone action and to await political developments in Peking.

For exactly two weeks, the "conversations" were suspended in order to give the Japanese delegates ample time to consult their home Government. While a cable message to Tokio would not, in ordinary cases, take more than twenty-four hours, the Japanese took days and weeks to exchange messages across the Pacific. The Chinese delegates waited, as Minister Sze put it, "patiently and impatiently." And, finally, on January 3, 1922, the Japanese delegates informed the American and the British "observers" that they had received due instructions from home and were ready to proceed with the "conversations."

On January 4, the "conversations" were resumed only to break off once again. The Chinese delegates now offered to make the cash payment with a single deposit in a neutral bank either before or at the time when the transfer of the railway was to be effected.

The Japanese delegates were, however, as insistent as ever before upon their demands, refusing every offer of compromise which would make possible an amicable and early settlement of the question. At the nineteenth meeting, held on January 5, the Japanese delegates, in no uncertain language, still insisted that they desired to make the Kiaochow-Tsinan Railway a joint enterprise with the Chinese Government. Inasmuch as this plan was not acceptable to China, they were now prepared "to give the title" of the railway and its appurtenances to China, retaining at the same time some interest in the line. They even went back upon their own words by refusing to admit what they had previously agreed to "in principle": they refused to sell the property to China, and held that it was not, therefore, a question of how to pay for it. Baron Shidehara, one of the Japanese delegates engaged in the "conversations," reiterated that, inasmuch as the plan of joint enterprise was not acceptable to China, the Japanese Government now desired a railway loan along the lines of the railway loan agreements of 1913 and 1914.

In its attempt to meet the wishes of the Japanese Government, the Chinese delegates had, indeed, exhausted their "ingenuity" and done everything that was within their power to do. Upon Baron Shidehara's reiteration of the desire of the Japanese Government for a long-term railway loan to China, Minister Koo, one of the Chinese delegates engaged in the Shantung negotiations, read the following statement as China's "final formula" for the solution of the railway question:

"If you are prepared to waive the idea of a Japanese loan, we are ready to consider the suggestion on the basis of our plan of deferred payment in general harmony with the substance of the railway agreements now in existence but without the form of a loan and within the limits of keeping the railway under full Chinese control, operation and management as you have stated to be your desire on more than one occasion."

In other words, the Chinese delegates were ready to consider spreading the payments to as long a period as is usually provided for in the long-term railway loan agreements, if this could be done "without the form of a loan" and at the same time "keeping the railway under full Chinese control, operation and management."

The Japanese delegates were still insistent. They said that they "could not entertain much hope that the Japanese Government would abandon its plan of a railway loan agreement," and asked for an adjournment so as to give more careful consideration to the "final Chinese formula."

It was in this connection that the Chinese delegates, feeling that they had done their very best to meet the wishes of the Japanese Government, asked "whether some other means of reconciling the views of the two delegations should not be sought" and intimated that "perhaps Mr. Hughes or Mr. Balfour might be able to point out a new way by which the question of the railway could be settled without unnecessary delay." Minister Sze remarked, apparently not without feeling, that since the Chinese and Japanese delegates were so wide apart in their proposals, he doubted "whether any useful purpose could be served by further prolonging the discussion with-

out securing the aid of the friendly offices that had been offered by Mr. Hughes and Mr. Balfour."

At the twentieth meeting, held January 6, Baron Shidehara said that the Japanese delegation had examined the "final Chinese formula" and had found it unacceptable. "Then," according to the confidential minutes taken of the Shantung "conversations," "apparently disregarding all the discussions that had been had as to modifications of the various plans that had been proposed by the Chinese delegation, Baron Shidehara made the statement that Japan would not be able to agree to any proposition whatever short of a railway loan agreement along the line of other railway loan agreements with foreign nations in recent years, as, for instance, in the years 1913 and 1914." To make the Japanese position clear, Baron Shidehara stated the following terms of settlement, which were later given out in the communique to the press:

"1. The terms of the loan shall be fixed at fifteen years while China shall retain an option of redeeming the whole outstanding liabilities upon six months' notice after five years from date of agreement.

"2. A Japanese Traffic Manager and Chief Accountant shall be engaged in the service of the Shantung Railway.

"3. The details of the financial arrangement shall be worked out at Peking between the representatives of the two parties to the loan."

As to the proposal of the Chinese delegates to invite Mr. Hughes and Mr. Balfour to be present at the next meeting, Baron Shidehara stated that, while not objecting to their presence, the Japanese delegation

was not willing to invite them. "Instructions from Tokio," he said, "were explicit as regards the railway loan agreement" and therefore, "the Japanese delegation was not in a position to request the good offices of Mr. Hughes and Mr. Balfour."

With the Japanese delegates thus refusing to move a single step to meet the proposals presented by the representatives of China, the "conversations" on the Shantung question were once more brought to an impasse. The Japanese delegates moved for adjournment of the meeting; the British and American "observers" at these "conversations" asked for the opportunity to report the situation to their respective chiefs; and the Chinese delegates, having exhausted their ingenuity to meet the wiles of Japanese diplomats, threw up their hands and considered the case hopeless. But for the sake of record, the positions of the two delegations should be made clear. Thus, on behalf of China, Minister Koo summarised the situation as follows:

Both the two Chinese alternative plans were still available. On the one hand, the Chinese delegation were disposed to effect a cash payment with a single deposit on a specified date, if that was preferred by the Japanese delegation. On the other hand, in view of the earnest desire on the part of the Japanese delegation to retain an interest in the railway, the Chinese delegation were still prepared to offer either Treasury Notes or the notes of the Chinese Bankers' Union, together with the undertaking that the Chinese Government would select and employ a Japanese District Engineer during the period when the deferred payment had not been completed.

The Chinese Delegation understood that the Japanese Delegation would not accept either of those two alternative plans and insisted on the plan of a Japanese railway loan agreement. The Chinese delegates had, on more than one occasion, explained the

reasons why China herself, in the interest of the friendship and good neighbourhood of the two countries, as well as the peoples, could not accept the plan of a railway loan agreement. They had been so clearly stated that he thought it unnecessary to recapitulate them here. In view of the difficulties confronting the two delegations, he could not better describe the situation the two delegations had reached than by using the term "impasse."

In view of the circumstances, the Chinese delegation had suggested to refer the question to Mr. Hughes and Mr. Balfour, who had placed at the disposal of the two delegations their good offices. He understood that the Japanese delegates were not able to utilise their good offices at the present moment. In view of the sentiments of the Japanese delegates, the Chinese delegation suggested as an alternative to ask Mr. Hughes and Mr. Balfour to join the two delegations in the meeting so that they might be in a position to suggest a middle way between the Chinese and Japanese proposals. This suggestion was again found unacceptable to the Japanese delegation. In view of this situation, the Chinese delegation could not see in what manner the discussion of the question could be expedited. They understood that it was the desire of the Japanese delegates to have a meeting next Monday. As the Conference was drawing to a close, the Chinese delegation did not want to leave this question unsettled. They, therefore, felt at a loss to understand the precise position of the Japanese delegation. At the meeting of yesterday, the Chinese delegates had made the suggestion that the good offices of Mr. Hughes and Mr. Balfour should be availed upon, but in deference to the desire of the Japanese delegation they consented to leave the question to be considered over night. At this meeting the Chinese delegation noticed that since the date of December 20th if any change had taken place at all, in the attitude of the Japanese delegation, it was that they had taken up a position which was maintained at an earlier stage of this negotiation. It was hardly necessary for the Chinese delegates to add that the Japanese view of the good offices extended by Mr. Hughes and Mr. Balfour was one which the Chinese delegates could not share, especially when it was so clearly recorded in the minutes prepared by the Japanese delegation.

In view of the circumstances, they desired to have the Chinese position clearly recorded in the minutes. After having clearly stated their position, they had no objection to adjourn this meeting.

Baron Shidehara stated, in turn, Japan's position, which was recorded in the minutes of the "conversations" in the following language:

He had already defined the position of the Japanese delegation. They had submitted definite terms for a settlement of this question. It was not necessary for him to repeat those proposals. He desired only to point out one or two things which had been just mentioned by Mr. Koo. He stated that the Japanese delegation had now reverted to a proposal which they had previously abandoned. That was what he had gathered from the remarks of Mr. Koo. That was not the case. He wished to say that in no case of the negotiation the Japanese had abandoned the plan of a railway loan agreement. They had discussed the Chinese plans, but he reminded his Chinese colleagues that the Japanese delegation never gave up their plan of a railway loan agreement. As stated, by Mr. Koo, that since the resumption of this conversation the Chinese delegation had made new concessions. They were new proposals, but not concessions.

Regarding the good offices of Mr. Hughes and Mr. Balfour he had stated that the instructions to the Japanese delegation on the plan of a railway loan agreement were definite and explicit and in the present situation the Japanese delegates could not go farther than the terms of those instructions. In that situation, they did not feel at liberty to request the good offices of these gentlemen. They could not ignore the expressed instructions from their Government, but on the other hand they had not abandoned the idea of finding some way of settling this question. The Japanese delegation had proposed to adjourn this meeting and to meet again next Monday.

Regarding the participation of Mr. Hughes and Mr. Balfour in this meeting, he had no objection to their presence, but he wished to express his doubt whether they would be disposed to come without expressed request from the two parties. Hitherto they had avoided any appearance of intervention. If one party should request them to participate, but not the other party, he thought that it might be embarrassing to those two gentlemen. He wished to state again he had no objection to their presence.

As soon as the Chino-Japanese "conversations" struck a reef, Mr. Hughes and Mr. Balfour hastened

to save them from being shipwrecked.* They offered what was then styled as a "compromise formula" for the settlement of the Kiaochow-Tsinan Railway dispute, which would on the one hand satisfy Japan in the matter of appointing Japanese experts in the responsible positions of the railway administration, and China on the other in regard to the mode of payment. While the suggested formula was referred to Peking and Tokio for opinion, the Chinese and the Japanese delegates resumed "conversations," January 11, on the "collateral issues," such as the withdrawal of Japanese troops in Shantung, the opening of the leased territory to international trade, the extension of the Shantung railways, the control and the operation of the mines, of the salt fields, and of the German cable. These minor questions were disposed of without much difficulty.

Right in the midst of these "conversations," the Shantung question was injected into the United States Senate. On January 20, 1922, Senator Walsh of Montana, offered a resolution,† which, after reciting the history of the question, called upon the President to communicate to the Senate the necessary information about the progress of the negotiation. A clash of debate followed the resolution, which threw a sudden but needed light on the Chino-Japanese "squabbling." There had been a good deal of public impatience about the Shantung "conversations," in

* During the deadlock, Minister Sze, in a conference with the press, said that "new avenues" of settlement were being explored. Asked as to what they were, he replied: "Pennsylvania Avenue, Massachusetts Avenue, and Connecticut Avenue." The State Department and the White House are located on Pennsylvania Avenue, the Chinese and the Japanese delegations on Massachusetts Avenue, and the British Embassy and Mr. Balfour's residence on Connecticut Avenue.

† *See* Chapter XII and Appendix O.

which an effort had apparently been made by the Japanese "to explore the tangle of details." The Senate resolution was perhaps but one of the reflections of public impatience about the Shantung delay, and had the desired effect of speeding up the Chino-Japanese "conversations."

The chief of the Chinese delegation at the Washington Conference is a man of great resource. He made use of every trump card that was available. Dr. Sao-ke Alfred Sze, Chinese Minister to the United States and China's chief delegate at the Conference, brought the Shantung question from the Pan-American Union to the White House. He called upon President Harding on January 25, 1922, to discuss the possible terms of settlement. It may be recalled that President Harding's views on the Shantung question were quite pronounced. The mere fact that they conferred was sufficient to stir up the diplomatic dovecote in Washington. It was, however, rather unfortunate that the conference gave birth to misleading reports. It was asserted that President Harding had brought pressure to bear upon the Chinese delegation to accept the Japanese terms. It was also reported that President Harding had sent for the Chinese delegate in order to lay before him proposals for settling the railway question. Nothing was farther from the truth. The truth was that the interview was sought by Minister Sze, who was desirous of laying before the Chief Magistrate of the United States China's exact position on the Shantung question. It was perhaps not alien to his original purpose to seek the President's influence for a fair and equitable settlement.

At the thirty-fourth meeting of the Chinese and Japanese delegates relative to the Shantung question, held on January 30, 1922, the discussion on the Kiaochow-Tsinan Railway was resumed, both delegations having heard from their respective Governments on the Hughes-Balfour "compromise formula." At the thirty-fifth meeting, held on January 31, an agreement was reached on all essential points in regard to the railway. The terms of settlement, which were in the nature of a compromise, include the transfer of the railway within nine months after the day it comes into force, the reimbursement by China of the assessed value of 53,406,141 gold marks, with allowance for improvements and depreciation, and the appointment of a Japanese traffic manager and a Japanese chief accountant, to be "under the direction, control and supervision of the Chinese Managing Director" of the railway. The reimbursement is to be made by Chinese Government Treasury Notes, secured on the property and the revenue of the railway, good for fifteen years, but redeemable at the end of five years upon six months' notice. The Japanese traffic manager and chief accountant will be retained only for "so long a period as any part of the said Treasury Notes shall remain unredeemed."

These terms were embodied in the Shantung agreement which was signed on February 4 by the Chinese and the Japanese delegates at the Washington Conference. An eye-witness said: "Nothing could have been more spectacular and impressive than the scene of the signing of the Treaty when the two mediators (Mr. Hughes and Mr. Balfour) sat at the end of the long table in the main hall of the Pan-American

Building watching smilingly the two delegations at work." The agreement was announced by Mr. Hughes at the fifth Plenary Session of the Conference, February 1, 1922. Thus the settlement of the Shantung question which was technically outside of the Conference was made a part of the Conference record.

XIX

THE NEW SHANTUNG SETTLEMENT

THE settlement of the Shantung question has been counted among the principal achievements of the Washington Conference. Though not officially taken up by the Conference itself, for the reasons which we have stated in a previous chapter, and though the "conversations" between the Chinese and the Japanese delegates were considered strictly outside the Conference, the Shantung question formed as much a part of the Conference as the limitation of naval armament. Paradoxical as it may sound, it remains nevertheless true that the Washington Conference would be a half-success or half-failure if the Shantung question were not settled in conjunction with it. It was perfectly apparent prior to the meeting of the Conference in Washington that it could ill afford not to take up this one question, which has been for the last few years a disturbing factor in the political situation of the Far East. Having found out that most of the Powers at the Conference preferred to have the matter straightened out between the Chinese and the Japanese themselves, the novel procedure of international negotiation was resorted to,* which made it possible for the

* The procedure is unusual, but not unprecedented. Thus, in 1906, Mexico and the United States suggested direct negotiations, to terminate the war between Salvador and Honduras on the one side and Guatemala on the other. The suggestion was accepted, and the negotiations for

Chinese and the Japanese delegates to begin direct "conversations" without the appearance of "direct negotiations," in the full view of the Conference and yet outside of it. It was as good as assured that these "conversations" could not fail. Failure of the Shantung "conversations" would mean the failure of the Conference. Whatever other fruits it might bring forth would be jeopardised by the failure of a Shantung settlement. It would be highly questionable if the United States Senate would ever ratify the Four-Power Treaty or the Naval Treaty if this one question which was more likely than any one thing else to disturb the peace of the Pacific were not settled to the satisfaction of the interested parties. For the success of the Conference itself, therefore, Mr. Hughes was perhaps as much interested in bringing about a readjustment of the question as were the Chinese and the Japanese delegates themselves.

It is curious to say that the terms of the Shantung Agreement reached at Washington has never been analysed. Is China satisfied? Is Japan satisfied? Is the Conference satisfied? As far as China is concerned, the agreement has been favourably received

peace took place on board the U.S.S. *Marblehead*, in the presence of diplomatic representatives of Mexico and the United States, who acted "simply in a friendly advisory capacity." Then, again, at "The Central American Peace Conference" of 1907, held in Washington, D. C., to bring about peace among the five Central American Republics, the representatives of the United States and Mexico were present at all deliberations, who lent "their good and impartial offices in a purely friendly way toward the realisation of the objects of the Conference." And, finally, we may refer to the offer, on April 25, 1914, by the A B C States (Argentina, Brazil, and Chile) of their "good offices for the peaceful and friendly settlement of the conflict between the United States and Mexico." The offer was accepted by both Mexico and the United States, and negotiations were commenced, May 20, 1914, at Niagara Falls, Ontario, and continued under the direction of the diplomatic representatives of the A B C States accredited at Washington.

at home, although this expression of satisfaction is not without a dissenting note.

Let us analyse the agreement from the Chinese point of view. What, if any, are the objections to it?

The first objection is found in the fact that the Kiaochow-Tsinan Railway and its branches were not restored to China, but sold back to China, at the price assessed by the Interallied Reparation Commission, which is 53,406,141 gold marks, plus the cost of permanent improvements and minus the allowance for depreciation. "China undertakes to reimburse to Japan the actual value of all the railway properties," and the reimbursement will be effected by delivering to Japan "simultaneously with the completion of the transfer of the railway properties, Chinese Government Treasury Notes, secured on the properties of the railway, and running for a period of fifteen years, but redeemable, whether in whole or in part, at the option of China, at the end of five years from the date of the delivery of the said Treasury Notes, or at any time thereafter upon six months' previous notice." In other words, China pays the purchase price in her Treasury Notes, and takes five to fifteen years to redeem them. Five years, it should be remembered, is a long time, before the lapse of which a good deal of water shall have flowed under the Shantung railway bridge. And how soon China can redeem the notes after the option period is a dubious question. It may be five years; it may be ten years; and if she continues to find herself in a political and financial quagmire as she is to-day, it is not unlikely that she will ask for an extension of the period of redemption. Japan will thus have an opportunity,

indeed, a legitimate right, to remain in Shantung. In fact, she will make the best of the five years of the option period and so entrench her economic and political position in Shantung that when the day of payment or redemption arrives, she cannot be dislodged.

In answer to this, it may be said that the five years' option period will work no serious danger to China if she can avail herself of the breathing space it affords and get herself financially ready before the redemption commences. It should be remembered that this plan of reimbursement was adopted in the place of that of cash payment by a single deposit in a neutral bank. While the latter scheme was much more preferable, it was not acceptable to Japan as she desired "to retain an interest in the railway," and was not pressed by China because she had no assurance of raising the necessary amount of funds to meet the obligation. According to one who was present at the discussion of the plan of cash deposit, the Chinese delegates were very much embarrassed when asked by the Japanese as to the ability of Peking Government to make the deposit and the assurance to pay if cash payment were accepted. The Chinese delegates had in their possession the telegraphic assurance from the various chambers of commerce in China and from the Chinese Bankers' Union that sufficient funds could be raised to make the purchase. Was the assurance to be taken at its face value? Would the Chinese delegates depend on it to press their plan of cash payment, while the Government which they represented at the Conference remained ominously silent? Upon their shoulders was the

responsibility to devise a satisfactory solution, and they could not afford to press any scheme too far, the acceptance of which would create an obligation that they knew in the heart of hearts their Government might not be able to fulfil. China is to-day divided politically, and very near bankrupt financially. A nation in such a turmoil must not incur serious obligation. If she is not confident enough to raise the money now, she may be able to do so in five years to come when the country becomes united. If she is still unable to raise it, she has another ten years to get ready and in which to meet her obligation. If she fails again, the fault will lie with her, and not with the settlement which her representatives at the Washington Conference have concluded. Upon China's ability to get up on her own feet again in the next few years is apparently premised the Shantung settlement. The worse would come to the worst, indeed, if her present chaos and resulting weaknesses should continue.

The more objectionable feature of the agreement is, however, to be found in the stipulation that, pending the redemption of the said Treasury Notes, "the Government of the Chinese Republic will select and appoint, for so long a period as any part of the said Treasury Notes shall remain unredeemed, a Japanese subject to be Traffic Manager, and another Japanese subject to be Chief Accountant jointly with the Chinese Chief Accountant and with co-ordinate functions." It has been pointed out that these two posts thus given away to the Japanese subjects are so important and their influence in the administration of the railways will be so great that they can almost

control it. The example of the Chinese Eastern Railway is given as a case in point. The Chinese President is reduced to a figure-head, while the Russian vice-president controls the administration of the railway. There is, therefore, good ground to think that, with Japanese appointed as the Traffic Manager and Chief Accountant of the railway, the administration and control of the line may continue to be in Japanese hands. The restoration will be in name only, and the good Treasury Notes will be issued for nothing. For at least five years, the Japanese Traffic Manager and the Japanese Chief Accountant will be on their job, and they will remain so long as the Treasury Notes remain unredeemed.

The objection is well grounded, and for reasons stated it is almost unanswerable. A word or two may, however, be said, not to justify the term, but to show that it is not so bad as it may seem at the first sight. Of course, the appointment of Japanese to be the Traffic Manager and the Chief Accountant of the railway depends upon the redemption of the Treasury Note. Their tenure of office cannot exceed the five years if the notes are promptly redeemed after the period of option. If prompt redemption is not possible, they will remain as long as the notes shall remain unredeemed. At any rate, the matter is, after five years, in the hands of the Chinese Government. To the possibility of usurping the control of the railway by the Japanese officers, there is, in the meantime, this check: there is one Chinese Chief Accountant to co-operate with the Japanese and a Chinese Managing Director who will direct, control, and supervise the entire staff and the administration

of the railway. It is, of course, to be granted that the presence of a Japanese Traffic Manager and a Japanese Chief Accountant may prove inconvenient, and, in certain cases easily imaginable, embarrassing. They may have their own axe to grind; they may be inclined to work in the interest of Japan, as most of the Japanese employés in the Chinese Government do, rather than in the interest of China; they may use their official position to promote, *sub rosa*, the commercial and economic interests of their own nationals in Shantung; all this is attributing to them unworthy motives, which is quite justified in view of the general conduct of the Japanese employés in the past, but which may not be true in this particular case. It is not necessary to look for the worst.

On the other hand, there is much to be said for the Shantung Agreement reached at Washington. The very fact that the question was brought to a solution in connection with the Washington Conference was a matter for congratulation. China had thrice refused to negotiate directly with Japan about the restoration of the province; she had little hope of presenting the question to the League of Nations with any success; she had no other ways or means of settling the question; compelled to fall back upon direct negotiation, she would have great difficulty in winning her points. Now, as collateral to the Washington Conference, she debated the Shantung question with Japan, and settled it much to her satisfaction. China was satisfied that, although the "conversations" took place outside of the Conference, the settlement was made a part of its permanent record. Although she was by the agreement required to pay for the railway and its

appurtenant properties, the wireless station and the salt industry, she got back everything that is of any value. In view of her previous commitments, the terms obtained are undoubtedly better than what she could ever hope for, notwithstanding the popular slogan, the unconditional restoration of Shantung. It may perhaps be better to refer to specific instances in order to make the point clear.

It may be recalled that in the Shantung Treaty of 1915 entered into as a result of the Twenty-one Demands China agreed to "approach Japanese capitalists to negotiate for a loan" for the construction of the Chefoo-Weihsien Railway. The new agreement on the subject gives China the opportunity either to finance it with Chinese capital or to turn it over to the International Financial Consortium. By the secret understandings of September 28, 1918, reached between the Japanese Foreign Minister and the Chinese Minister at Tokio, the right to construct the Tsinan-Shuntch and the Kaomi-Hsuchow lines was given to Japan. These concessions shall, according to the new agreement, be made "open to the common activity of an international financial group." (The word "group" is here adopted, it may be noted, in order to distinguish it from the International Financial Consortium, the terms of which are not acceptable to China). And by the same secret understandings, "the Kiaochow-Tsinan Railway, after its ownership is definitely determined, is to be made a Chino-Japanese joint enterprise," and Japanese troops could be stationed both at Tsingtao and Tsinan. The new settlement includes the purchase by China of the Kiaochow-Tsinan Railway and the complete

withdrawal of Japanese troops from Shantung. The Versailles Treaty of Peace handed to Japan all the mines, cables, public buildings, and German state properties in Shantung. The new agreement restores them all to China, although restoration is in certain cases to be paid for. It may also be noted that Japan has engaged to "restore to China the former German leased territory of Kiaochow," to renounce all rights of preference with respect to foreign assistance in persons, capital and material in Shantung, to hand the Customs Office at Tsingtao to exclusive Chinese administration, to sell back to China the salt industry, and to forego her claims for an exclusive Japanese settlement or an international settlement at Tsingtao. These provisions represent, one and all, Japan's "concessions" to China, if concessions they be, which the Peking Government could not expect even in its most sanguine moments. To prove this it is but necessary to refer to the terms of a Shantung settlement, formulated by the Peace Treaty Commission of Peking (an organisation attached to the Chinese Foreign Office), which is given at the end of this chapter.

To show more strikingly what the Chinese delegation at the Washington Conference has accomplished with respect to the Shantung settlement, we may for purpose of comparison refer to the extent to which the Chinese delegation at the Versailles Peace Conference was prepared to go with regard to the same matter. On April 23, 1919, the Chinese delegation proposed in writing to the Council of Four what was confidentially known as a "compromise proposal" for the Shantung dispute. It included (1) the cession

by Germany of all her rights and possessions in Shantung to the Five Principal Allied and Associated Powers to be eventually restored to China, (2) a definite engagement by Japan to evacuate Shantung within twelve months after the conclusion of peace, (3) reimbursement by China of all the military expenses which Japan had incurred, and (4) designation by China of a certain area in Tsingtao for the purpose of an international settlement. None of these conditions, which China was prepared to accept, were embodied in the new agreement.

It is thus evident that the Shantung settlement reached at Washington is not a bad bargain for China. Chinese public opinion in general has reason to be satisfied.

NOTE

It may be of interest to compare the terms of the Shantung Agreement reached at Washington with the "tentative formula for the solution of the Shantung question" prepared by the Peace Treaty Commission in Peking, late in October, 1921. The said formula seemed to have had the tacit approval of the Peking Government, and was cabled to Dr. V. K. Wellington Koo, the Chinese representative on the League of Nations, for his information and guidance, if the question should be brought before the League. The following is a translation of the "formula" which the Chinese Foreign Office gave to the press on November 1, 1921. The formula reads:

"Owing to the impossibility of finding a way to settle the Shantung question with Japan, the solution of which is based on the ground that after her declaration of war with Germany

Kiaochow should be returned by Japan, China proposes the following formula of settlement:

"1. The whole of Kiaochow should be returned to China, who will voluntarily open Tsingtao as a commercial port under regulations similar to those carried out by the German régime. Goods imported for sale at said port shall be exempted from Customs charges, and more or less in accordance with the special area system at Tientsin and Hankow, a Municipal Administration shall be instituted therein.

"2. The sales of land by Chinese to Japanese through the force and compulsion of the Japanese Military Command during the period of military occupation shall be nullified.

"3. The German public properties in Tsingtao, such as wharves, pontoon bridges, warehouses, lighthouses, etc., shall be handed over to the Chinese Maritime Customs for administration, while the electric light plant, the slaughter-house, the water-works, the mining bureau, and the hospitals, etc., shall be handed over to the municipal administration for management, and the fortresses and military barracks, etc., shall be taken over by the Chinese Central Government.

"As to the warehouses which the Japanese have managed for several years, arrangements with regard to the manner of clearing up their accounts may be separately discussed.

"Salt has always been an article of monopoly by the Chinese Government. Formerly the Germans in Tsingtao did not engage in the salt industry. It, and the salt fields now occupied by Japan, shall be returned to China. (If Japan should be in want of salt in the future, the Chinese Government may by a special permit allow Japan annually to buy a certain amount of salt from Tsingtao for a certain number of years.)

"4. With reference to the railway problem in the Shantung peninsula, the Tsinan-Shunteh, and Kaomi-Hsu lines may be given over to the new Consortium to be undertaken by it, and the Kiaochow-Tsinan railway shall be solely operated by China herself. (Or, the date of its return to China having been definitely agreed upon, before its return a temporary undertaking on a joint capital and business basis may be permitted).

"The German shares, whether belonging to the German Government or to private persons shall be divided equally between China and Japan, and if the shares of private persons need to be indemnified, China will be responsible for the whole value of same.

"In order to be fair and just, the yearly surplus of profits which accrued to the railway during the period of the Japanese occupation should be shared by China.

"As regards that part of the railway administration which is of a political nature, such as the right of organising railway police, etc., it shall be exercised exclusively by China.

"5. All the Japanese troops in Shantung province are to be withdrawn within the shortest period.

"6. Before the return of the railway to China the mines along the railway already being operated may be made a Sino-Japanese undertaking.

"7. The cable lines between Tsingtao and Chefoo, and between Tsingtao and Shanghai, all being situated within Chinese territorial waters, shall be taken over by China, and the wireless stations established by the Japanese in Tsinan shall also be taken over, the cost of the construction of which shall be reimbursed by China.

"8. Japan should make a declaration to the effect that, aside from the plan of settlement agreed upon by both parties, all the rights and interests formerly acquired by Germany in Shantung based on either treaties or agreements are thereby renounced, and no further claim of any kind shall be made regarding them."

An unbiased analysis of the above formula will show most clearly and convincingly how the terms of the Shantung Agreement concluded in connection with the Washington Conference are much better than hoped for.

XX

CONCLUSION

WHAT more is there to be said about the Shantung question? It has been amicably settled to the mutual satisfaction of Japan and China in accordance with the age-old principle of give-and-take, and the settlement, unless the future holds the unexpected in store, promises to remove from the field of international politics this highly serious controversy which would otherwise remain a source of infinite trouble and an obstacle of good relationship between Japan and China as surely as Alsace-Lorraine was an international sore spot between Germany and France before the war. When this is said all is said.

A close perusal of the Shantung Agreement cannot, however, fail to reveal one serious and perhaps dangerous defect, which its opponents may well seize upon as a point for attack. It is that the Agreement has many loopholes through which difficulties may yet break out in the future. It has not said the last word about the Shantung question.

The Agreement creates two Joint Commissions, which, necessary though they seem to be in the execution of the Agreement, are by no means the best arrangement that could be devised. To these two Joint Commissions are trusted the numerous duties of making effective the restoration of Shantung: the

transfer of the leased territory and its administration; the restoration and assessment of the public properties, the railways, and their appurtenances; the formation of a new mining company to operate the mines in Shantung; the examination of the "vested rights" of the Japanese subjects and companies in the province; the transfer of salt industry and of wireless stations; and the determination of the landing of the Tsingtao-Sasebo cable. In other words, almost all the details incident to the restoration of Shantung are left in the hands of these two Joint Commissions. The Chinese members and the Japanese members on either of these two Joint Commissions—each country is to appoint three—may agree, and may not agree, in their viewpoints in the execution of their duties. In the case of disagreement, is it to be expected that the transfer can be completed within the designated periods of six or nine months? What remedy is there for delay?

Of the two, the Joint Railway Commission, "with powers to appraise the actual value of the railway properties," is more important. Its duty is not only to attend to the details of transfer, but also to decide upon the amount of reimbursement upon the payment of which the transfer can be effected. What, if the Commission fails to agree? This situation seems to have been anticipated. "Should the Joint Railway Commission fail to reach an agreement on any matter within its competence," it is stipulated in Article IV of the Annex to the Shantung Agreement, "the point or points at issue shall be taken by the Government of the Chinese Republic and the Government of Japan for discussion and adjustment by means of

diplomacy." It may well be anticipated that, once started, there will be no end to this kind of discussion, and it is perfectly easy to understand what "diplomacy" means between China and Japan. The Shantung question and all that it involves may yet remain, therefore, subjects for international haggling, to take place at Tokio, but more likely at Peking, where haggling has been a favourite pastime for diplomats ever since its imperial gates were thrown open to them.

In conclusion, therefore, we cannot help expressing our fervent hope that the restoration of Shantung will encounter no serious difficulty and can be accomplished within the specified time. Upon the good faith of the parties to the Shantung Agreement depends its successful execution entirely.

APPENDICES

APPENDIX A

*Convention Between China and Germany Respecting the Lease of Kiaochow to Germany, March 6, 1898.**

The incidents connected with the Mission in the Prefecture of Tsao-chow-fu, in Shantung, being now closed, the Imperial Chinese Government considers it advisable to give a special proof of their grateful appreciation of the assistance rendered to them by Germany. The Imperial German and the Imperial Chinese Governments, therefore, inspired by the equal and mutual wish to strengthen the bonds of friendship which unite the two countries, and to develop the commercial relations between the subjects of the two States, have concluded the following separate Convention:

SECTION I

Lease of Kiaochow

ART. 1. His Majesty the Emperor of China, guided by the intention to strengthen the friendly relations between China and Germany, and at the same time to increase the military readiness of the Chinese Empire, engages, *while reserving to himself all rights of sovereignty* in a zone of 50 kilom. (100 Chinese li) surrounding the Bay of Kiaochow at high water, to permit the free passage of German troops within this zone at any time, and also in taking any measures, or issuing any ordinances therein, to previously consult and secure the agreement of the German Government, and especially to place no obstacle in the way of any regulation of the water-courses which may prove to be necessary. His Majesty the Emperor of China, at the same

* This convention and the three following (Appendix B, C, and D) are translations furnished by the Chinese delegation to the Peace Conference at Versailles. The text varies, in many respects, from those given by Rockhill, Mayer, and MacMurray.

time, reserves to himself the right to station troops within this zone, in agreement with the German Government, and to take other military measures.

ART. 2. With the intention of meeting the legitimate desire of His Majesty the German Emperor, that Germany like other Powers should hold a place on the Chinese coast for the repair and equipment of her ships, for the storage of materials and provisions for the same, and for other arrangements connected therewith, His Majesty the Emperor of China leases to Germany, provisionally for ninety-nine years, both sides of the entrance to the Bay of Kiaochow. Germany engages to construct, at a suitable moment, on the territory thus leased, fortifications for the protection of the buildings to be constructed there and of the entrance to the harbour.

ART. 3. In order to avoid the possibility of conflicts, the Imperial Chinese Government will not exercise *rights of administration* in the leased territory during the term of the lease, but grants the exercise of the same to Germany, within the following limits:

1. On the northern side of the entrance to the Bay:

The Peninsula bounded to the northeast by a line drawn from the northeastern corner of Potato Island to Loshan Harbour.

2. On the southern side of the entrance to the Bay:

The Peninsula bounded to the southwest by a line drawn from the southwesternmost point of the Bay lying to the south-southwest of Chiposan Island in the direction of Tolosan Island.

3. The Island of Chiposan and Potato Island.

4. The whole water area of the Bay up to the highest water-mark at present known.

5. All islands lying seaward from Kiaochow Bay, which may be of importance for its defence, such as Tolosan, Chalienchow, etc.

The High Contracting Parties reserve to themselves to delimit more accurately, in accordance with local traditions, the boundaries of the territory leased to Germany and of the 50 kilom. zone round the Bay, by means of Commissioners to be appointed on both sides.

Chinese ships of war and merchant vessels shall enjoy the same privileges in the Bay of Kiaochow as the ships of other nations on friendly terms with Germany; and the entrance, departure and sojourn of Chinese ships in the Bay shall not be subject to any restrictions other than those which the Imperial German

Government, in virtue of the rights of administration over the whole of the water area of the Bay transferred to Germany, may at any time find it necessary to impose with regard to the ships of other nations.

ART. 4. Germany engages to construct the necessary navigation signs on the islands and shallows at the entrance of the Bay.

No dues shall be demanded from Chinese ships of war and merchant vessels in the Bay of Kiaochow, except those which may be levied upon other vessels for the purpose of maintaining the necessary harbour arrangements and quays.

ART. 5. Should Germany at some future time express the wish to return Kiaochow Bay to China before the expiration of the lease, China engages to refund to Germany the expenditure she has incurred at Kiaochow and convey to Germany a more suitable place.

Germany engages at no time to sublet the territory leased from China to another Power.

The Chinese population dwelling in the leased territory shall at all times enjoy the protection of the German Government provided that they behave in conformity with law and order; unless their land is required for other purposes, they may remain there.

If land belonging to Chinese owners is required for any other purpose, the owner will receive compensation.

As regards the re-establishment of Chinese customs stations which formerly existed outside the leased territory but within the 50 kilom. zone, the Imperial German Government intends to come to an agreement with the Chinese Government for the definite regulations of the customs frontier, and the mode of collecting customs duties in a manner which will safeguard all the interests of China, and propose to enter into further negotiations on the subject.

SECTION II

Railways and Mines

ART. 1. The Chinese Government sanctions the construction by Germany of two lines of railways in Shantung. The first will run from Kiaochow to Chinan and the Boundary of Shantung Province *via* Weihsien, Tsingchow, Poshan, Tzechwan and Tsowping. The second line will connect Kiaochow with I-chow,

whence an extension will be constructed to Chinan through Laiwu-Hsien. The construction of the line from Chinan to the boundary of Shantung Province shall not be begun till after the completion of the construction of the line to Chinan, so that a further arrangement may be made with a view to effecting a connection with China's own railway system. What places the line from Chinan to the provincial boundary shall take in *en route* shall be specified in the regulations to be made separately.

ART. 2. In order to carry out the above-mentioned railway work a Chino-German Railway Company shall be formed with branches in one or more places, and in this Company both German and Chinese merchants shall be at liberty to raise the capital and appoint directors for the management of the undertaking.

ART. 3. All arrangements for the above purposes shall be determined in an additional agreement to be concluded by the High Contracting Parties as soon as possible. China and Germany will settle this matter by themselves, but the Chinese Government will accord favourable treatment to the said Chino-German Railway Company in constructing and operating the above-mentioned lines and extend to them other privileges enjoyed by Chino-Foreign Companies established in other parts of China.

The above article is conceived only in the interest of commerce: it has no other design. Positively no land or territory in the Province of Shantung may be annexed in the construction of the above-mentioned railways.

ART. 4. In the vicinity of the railways to be built, within 30 li of them, as, for instance, in Weihsien and Poshan, Hsien on the Northern line from Kiaochow to Chinan and as in I-chow Fu and Laiwu Hsien on the Southern line from Kiaochow *via* I-chow to Chinan, German merchants are permitted to excavate coal, etc. The necessary works may be undertaken by Chinese and German merchants combining the capital. The mining regulations shall also be subsequently negotiated with care. The Chinese Government will, according to what has been stipulated for in the provision concerning the construction of railways, also accord favourable treatment to the German merchants and workmen, and extend to them other privileges enjoyed by Chino-Foreign Companies established in other parts of China.

This article is also conceived only in the interests of commerce, and has no other design.

SECTION III

Affairs in the Whole Province of Shantung

If within the Province of Shantung any matters are undertaken for which foreign assistance, whether in personnel, or in capital, or in material, is invited, China agrees that the German merchants concerned shall first be asked whether they wish to undertake the works and provide the materials.

In case the German merchants do not wish to undertake the said works and provide the materials, then as a matter of fairness China will be free to make such other arrangements as suits her convenience.

Ratifications

The above agreement shall be ratified by the Sovereigns of both Contracting States, and the ratifications exchanged in such manner that, after the receipt in Berlin of the Treaty ratified by China, the copy ratified by Germany shall be handed to the Chinese Minister in Berlin.

The foregoing Treaty has been drawn up in four copies, two in German and two in Chinese, and was signed by the Representatives of the two Contracting Parties on the 6th March, 1898, equal to the 14th day of the 2nd month in the 24th year Kuang-Hsu.

(In Chinese) LI HUNG CHANG,
[Great Seal of the
Tsung-li Yamen.] *Imperial Chinese Grand Secretary,
Minister of the Tsung-li Yamen, etc.*

BARON VON HEYKING,
Imperial German Minister.

(In Chinese) WENG TUNG HO,
*Grand Secretary, Member of the
Council of State, Minister of the
Tsung-li Yamen, etc.*

APPENDIX B

*Agreement Between China and Germany Respecting the
Kiaochow-Chinan Railway Regulations,
March 21, 1900*

His Excellency the Governor of the Province of Shantung Yuan Shih Kai and His Excellency the Lieutenant General Yin Chang, upon petition of the Governor of Shantung, especially delegated by Imperial decree to these negotiations, on the one side, and the Managing Board of the Shantung Railway Company at Tsingtao, represented by Mr. H. Hildebrand, a Royal Inspector of Prussian Railways, on the other side, have, in order to prevent agitation and disturbances of any kind in Shantung during the period of building the railway and to maintain friendly relations between the population of the province and the Company, agreed upon the following Railway Regulations with regard to the line of railway between the boundaries of the German leased territory and Chinanfu, subject to the approval of the Board of Directors of the Shantung Railway Company in Berlin and reduced to writing in Chinese and German texts of like tenour.

ART. 1. In accordance with Art. 4, section 2, of the aforesaid Kiaochow Convention a German-Chinese Railway Company shall be formed, issuing shares to German and Chinese subjects. This Company shall for the present be under German management. It shall half-yearly notify the Chiao Se Chuo at Chinanfu of the number of shares purchased by Chinese. As soon as the amount of such shares has reached Taels 100,000, the Governor of the Province of Shantung shall delegate a Chinese official for co-operation at the seat of the Company.

ART. 2. Should in future branches of the Administration of the Company be established in Shantung, one Chinese official shall be delegated to each one of them.

ART. 3. Officials or respectable citizens shall be consulted upon the location of the railway, in order to take as far as possible into consideration the interests of the population. To avoid difficulties in negotiations, these shall be conducted on the Chinese side by Chinese officials delegated by the Governor of Shantung. The technical determinations of the location of line shall be left to the Company's engineers. A sketch plan of the

line's location, done in a scale of 1:25,000 shall be submitted to the Governor of Shantung for information and only thereafter land may be purchased. The construction of the railway cannot be begun before the land has actually been purchased.

The purchase of land shall be done peacefully and quickly as hitherto, so that the construction of the railway be not delayed by purchasing land or by difficulties arising from disputes with individual owners. To avoid all such difficulties the above-mentioned Chinese official shall act as mediator when land is purchased and shall settle all disputes eventually arising. The land shall be purchased in an honest way according to the locally customary ruling price.

The Company shall not be allowed to buy more land than necessary for the railway enterprise, and future extension thereof.

Meanwhile the following minima may be purchased:

For stopping points a plot of land 630 m. long and 70 m. wide.

For country stations a plot of land 730 m. long and 100 m. wide.

For small town stations a plot of land 850 m. long and 130 m. wide.

For stations of larger towns the plots of land have to be larger, corresponding to actual importance of the place in question. The land necessary for the supply of earth to construct embankments is not included in the foregoing areas. 1 m. is equal to 2 feet 9.6 inches; 1 foot is equal to 0.338 m.

ART. 4. Wherever water courses are met, sufficient flow has to be provided for by building bridges and culverts so that agriculture may suffer no damage.

ART. 5. The road is to be located in such a way as not to damage or cut through city walls, fortifications, public edifices and important places.

ART. 6. Houses, farmsteads and villages, temples, graves and above all high-class graveyards belonging to the gentry which are fenced in and planted with trees shall be avoided by the railway as far as possible. So far as this is impossible the local authorities shall give notice to the owners two months beforehand and settle with them a compensation of an amount enabling them to erect graveyards, etc., of the same condition at another place without sustaining any loss of money.

ART. 7. In surveying the land to be purchased the "kung"

shall be used as unit. One kung is equal to five official feet, one foot is equal to 0.338 m. One Mu is counted to be 360 kung or equal to 9,000 square feet.

As to the land tax to be paid by the Shantung Railway Company the same regulations shall be applied as in force for the most favoured Railway Company in any other place of China.

ART. 8. Injuries done to crops during preparatory or construction work are to be made good by the Company according to prices to be settled with the local authorities.

ART. 9. The salaries of the assistants placed by the local authorities at the disposition of the Railway at its wish shall be paid by the latter. These salaries shall not be included in the price of land purchased.

The money for the land is to be paid into the hands of the District-Magistrate, who is responsible for the proper payment to the different owners entitled to receive the money.

The District-Magistrate also has to hand over the title deeds to the Railway Company.

ART. 10. The Railway Administration intending to rent houses for offices and residence near the work places shall apply to the District-Magistrate who will make the necessary arrangements with the owners and will on its behalf conclude the contracts.

ART. 11. The purchase of material necessary for the construction of the railway shall be transacted in a fair manner and the usual market-price shall be paid for same. If necessary the intervention of the District-Magistrate shall be applied for.

ART. 12. The exchange of different kinds of money shall always be done at the rate ruling on the day.

ART. 13. The Railway Company is not permitted to construct without special permission of the Governor of Shantung other railroads than those mentioned in the Kiaochow Convention, including the branch line to Poshanhsien.

Branch lines connecting coal and other mines and places where building or ballasting materials are to be taken, connecting with the main line, may be built without special authorisation. It is, however, understood that previous notice of the construction of such lines has to be given to the Governor of Shantung.

ART. 14. Foreigners, traveling or doing business in the interior of the Province of Shantung, in order to enjoy better protection, must be provided with passports duly sealed by the proper Chinese and German authorities. Chinese local authori-

ties can not assume responsibility if such a passport is not produced.

ART. 15. German and Chinese employees of the Railway Company are to be provided with certificates attested by the seals of the Railway Administration and of the local Authorities, in order, when necessary, to prove their official capacity.

The engineers, when surveying, shall be accompanied by an official, delegated by the District-Magistrate. This official shall, if necessary by police-force, render assistance in protecting the property of the Railway Company and the survey poles.

Persons fraudulently pretending to be employees of the Railway Company shall be arrested and punished by the Local Authorities.

ART. 16. If troops are needed, outside of the 100 li (50 kilometer) zone, they shall be despatched by the Governor of the Province of Shantung. No foreign troops may be employed for this purpose.

The Governor of the Province of Shantung binds himself to take effective measures during the period of surveying as well as when the railway is under construction or opened for traffic to prevent any damage being done to it by the mob or by rebels.

ART. 17. This railway, having for sole purpose the development of commerce, shall not, outside of the 100 li zone, be permitted to transport foreign troops and war materials employed by them. In case there should be war between China and a foreign power and the railways should at the time still be managed by the said Company, then the Company must continue to observe the provision afore-mentioned. In case certain sections are occupied by the enemy and the Company should lose its power of management, then the provincial authorities will not be responsible for the protection (of the railway).

ART. 18. Freightage for foodstuffs and clothing to be distributed amongst the distressed during famines and floods, shall be reduced according to the rules adopted by the railways of Germany and when troops are despatched to suppress rebellion the same is to be applied to the fares for soldiers and to the freightage for their war materials.

ART. 19. At railway stations, where custom-houses are established, the Railway Administration shall make such arrangements as to assist the Imperial Chinese Customs in collecting the legal dues.

The expenses for the necessary buildings, to be erected upon application of the Customs Administration are to be refunded by the latter to the Railway Administration according to agreements always to be made beforehand.

ART. 20. The natives of towns and villages near the railway shall be as far as possible engaged as workmen and as contractors for the supply of materials.

ART. 21. Chinese subjects employed outside the leased territory by the Railway Company in case of contravention of Chinese law are subject to the jurisdiction of the competent District-Magistrate.

The competent District-Magistrate having officially notified the necessity of legal steps against such employees, the Railway Company shall not do anything by which he may evade justice.

Complaints against foreigners are to be dealt with according to the proper laws. In such cases, the Railway Company on its part shall make an investigation and take disciplinary proceedings against the offender.

ART. 22. The natives of districts, where the railway passes through, shall as far as possible be employed at the work and shall be paid for as customary there.

If fights should occur between railway-men and natives the local official will have the right to arrest and punish the guilty.

The workmen of the railway are absolutely prohibited unwarrantably to enter houses of natives. In case of contravention they will be severely punished.

ART. 23. The construction of the railway being completed, foremen and workmen necessary for maintenance and safekeeping of the line are as far as practicable to be engaged from amongst the inhabitants of villages and towns near the line in conformity with suggestions made by the elders of these places. These elders will be responsible for the good behaviour of these engaged and will furnish them with certificates issued by the District-Magistrate.

ART. 24. The railway being open to public traffic, its administration assumes the responsibility for any loss of life or goods caused by accidents and is liable to pay compensation to wounded or killed persons according to the local custom, and to cover any loss of goods according to detailed regulations to be drawn up and published by the Company.

Likewise the Railway will be held responsible for damage to persons and property by construction trains through its neglect.

ART. 25. The safety on the line being endangered by floods, slips of embankments or breakages of bridges, etc., public traffic shall not be reopened before all these difficulties have been removed.

ART. 26. Should the Railway Company apply for soldiers to protect the preparatory work, the construction or the traffic of the railway, the Governor of the Province of Shantung shall at once consider the circumstances and comply with such application. The amount to be contributed by the Company for the troops despatched shall be the subject of a further understanding.

ART. 27. In the German leased territory the rights of sovereignty are safeguarded by the Governor of Tsingtao. In the districts of the remaining part of the Province of Shantung through which the railway is running, the rights of sovereignty are safeguarded by the Governor of the Province of Shantung.

ART. 28. It shall be the subject of further agreements when and under what conditions the Chinese Government may in future take over the railway.

The foregoing regulations after being approved shall be notified to the Authorities of the Shantung Province and to the officials of the railway. Thereupon they shall be duly observed.

Should it in future be deemed necessary to have alterations made of some of the above regulations or to have drawn up supplementary rules, this can only be done by mutual agreement between the then Governor of the Province of Shantung and the Shantung Railway Company.

This agreement is executed in two exemplars each of which contains a Chinese as well as a German version of like tenour. Each of the contracting parties has received one exemplar.

Chinanful, the 21st of March, 1900.

(Seal and signature of) GOVERNOR YUAN SHIH KAI,
The Governor of the Province of Shantung.

(Signed) YIN CHANG,
H.I.M.'s Special Delegate, Lieut.-Gen.

(Signed) H. HILDEBRAND,
*Die Betriebsdirection der Schantung-
Eisenbahn-Gesellschaft.*

APPENDIX C

*Convention Between China and Germany Respecting the
Withdrawal of German Troops from Kiaochow and
Kaomi, November 28th, 1905*

(TRANSLATION)

The Emperor of China has appointed Yang Shih-hsiang, Civil and Military Governor of Shantung, and the German Emperor, Van Semmern, Civil and Military Governor of Kiaochow, who after communicating full powers and finding them in due form have agreed upon the following articles:

Whereas, The German Emperor has, for the purpose of promoting friendly relations, agreed to withdraw the troops stationed at Kiaochow and Kaomi, the following articles are hereby concluded.

ART. 1. The German troops at Kiaochow shall withdraw immediately after this Convention has been signed.

ART. 2. One-fourth of the German troops stationed at Kaomi shall withdraw immediately after the signing of this Convention, and another fourth, within two months therefrom. The remaining troops shall withdraw within the next two months, during which period barracks and stables shall be so speedily built at Tsingtao that the said troops may withdraw altogether within this said time-limit. But in case the said works can not be finished within the two months, a complete withdrawal shall nevertheless be effected—there shall be no further extension of time.

ART. 3. From the date of the signing of this Convention, no matter whether the German troops at Kiaochow and Kaomi have completely withdrawn or not, the railways within the surrounding zone shall completely be under the supervision and protection of the Chinese local authorities and police officers. The police officers shall despatch so many policemen as they deem fit but not more than two hundred and forty, to be evenly stationed at various sections; all matters relating thereto shall be conducted according to the police regulations prevailing beyond the surrounding zone. At some place near the city of Kaomi there shall be established a police office with a police force of not more than one hundred men who shall, by turn, attend to their duty in the protection of the railway and in

the suppression of disturbances which may arise. But if China should station troops in the said place, all matters relating thereto shall be governed by the Kiaochow Lease Convention.

ART. 4. All the works which Germany has constructed in Kiaochow and Kaomi such as barracks, stables, drill grounds, roads, waterworks, and the like, together with the foundations thereof, houses and the fixtures attached thereto cost, calculated at their original prices, \$496,388.48. From this amount are to be subtracted \$5,000.00 as rent paid for the German Government by the Chinese Government, \$21,388.48 expended for annual repairs, and considered as representing the annual diminution of the value of the properties, and \$70,000.00 as extra reduction; the net price will then be \$400,000.00 at which the said properties will be purchased by and reverted to China, under a separate agreement. The price of the buildings shall be paid off in four installments within two years from the day when the barracks at Kiaochow and Kaomi are handed over. After their purchase or reversion, all the buildings shall be reserved for educational and other public uses.

ART. 5. In case Germany should, in accordance with the Treaties, require passage for her troops through Kiaochow and Kaomi, and stay there for a few days, a few weeks' notice will be necessary, in order that a vacant place may be assigned for their temporary stay free of charge.

Of this Convention there shall be made four copies in Chinese and four in German, identical in sense; and after they have been signed, two copies each of the Chinese and German texts shall be filed at the office of the Governor of Shantung, and the other two copies each of the said two languages, at the office of the Civil and Military Governor of Kiaochow, for reference, transmission, and observance.

The second Day, eleventh Moon of the Reign of Kwangshu, corresponding to the 28th of November, 1905.

(Signed) YANG SHIH-HSIANG.
VAN SEMMEEN.

APPENDIX D

*Agreement Between the Provincial Authorities of Shantung
and the Chino-German Mining Company for Delimiting
Mining Areas in the Province of Shantung, July 24, 1911*

For the purpose of defining the mining rights of the Chino-German Company along the railways in Shantung Province and concluding a working arrangement the Provincial Authorities of Shantung and the Mining Company have mutually agreed upon the following Articles:

ART. 1. 1. The Shantung Mining Company reserves for its exclusive exploitation the Fangtze and Tzechwan mining areas and the mining district from Chinlingchen along the Kiaochow-Chinan Railway in a northerly direction for a distance of 30 li to Changtien.

2. The Company is to prepare maps showing the boundaries of the mining areas it designates for exclusive development. These maps are to form an important part of this Agreement. All mining properties within the specified areas are to be exclusively exploited by the Company and no Chinese undertakings are permitted therein.

3. With the exception of the delimited areas set aside herein for exclusive development by the Mining Company all mining rights hitherto granted by China to the Company within 30 li (15 kilometers) on both sides of Kiaochow-Chinan Railroad now in operation, the Tientsin-Pukow Railroad now under construction, and the Kiaochow-Ichow Railroad recently surveyed are hereby cancelled.

4. Tzechwan Hsien and Poshan Hsien being within the 30-li zone of mining rights, the Company originally intended to exploit it by itself. Now as an act of special friendship, the Company hereby relinquishes its claim to Poshan mines. The Tzechwan mining area beginning on the south at Ta Kwei Shan passing Lungkow Chen in a northwesterly direction and reaching the eastern boundary of Tzechwan, is hereby likewise relinquished to the Chinese for their free exploitation. The remaining areas in this region shall, in accordance with Article 1, belong to the mining areas of the Company.

5. The 30-li zone of the Fangtze mining area in Weihsien touches the boundaries of Changlo and Ankiu Hsien and includes

parts thereof. The Company surrenders voluntarily, as a further evidence of good will, its claim to the northwestern district of Ankiu Hsien. It retains, however, its title to Chinshanwa mining area in Changlo Hsien to the extent of 10 li from Fangtze mine in a straight line.

6. For the purpose of delimiting mining areas the Provincial Authorities of Shantung and the Mining Company have jointly drawn up following maps:

1. Tzechwan mining area and the mining area from Chinglingchen to Changtien.
2. The southern section of the Tzechwan mining area.
3. Mining areas in Weihsien and Changlo Hsien.
4. General map showing all mining areas delimited by this Agreement.

ART. 2. 1. Within the mining areas relinquished by the Mining Company in the three Hsiens of Changkiu, Tzechwan and Poshan along the Kiaochow-Chinan Railway, Chinese are not permitted to undertake the development of the biggest mine therein before the year 1920, but they shall be at liberty to do so after that year.

2. In the mining areas reserved by the Company all Chinese mining shafts that are now in a working condition shall be stopped within one month from the date of a formal exchange of the texts of this Agreement duly approved by the Chinese and German Governments.

3. The Chinese Government is still to accord protection to the works of the Company in accordance with the provisions of the Mining Agreement concluded in the 26th year of Kwang Hsu, corresponding to the year 1900 A. D.

4. Should the Chinese Government and merchants be short of capital for the exploitation of the mines in the districts relinquished to China by this Agreement, they shall approach German capitalists for loans. If foreign materials and machinery are needed they shall purchase them from Germany. If foreign engineers are to be employed they shall engage German engineers.

ART. 3. To meet the expenditures hitherto incurred by the Company for prospecting mines, fixing boundaries and purchasing lands, the Chinese Government agrees to pay to the Company \$210,000 Mex., the said sum being payable within one year from the date of this Agreement in two installments. After the signing of this Agreement the Company shall immediately turn over to the Chinese Government all maps and

papers relating to the prospecting of these mines and all lands purchased by the Company.

ART. 4. Chinglingchen iron mine is to be exploited according to the Mining Regulations of the 26th year of Kwang Hsu (1900). If China desires to establish iron smelting works near the mine a joint stock company may be formed, with a capital of something like 500,000 taels. Regulations therefor are to be drawn up separately at the proper time.

This Agreement is executed in quadruplicate copies in the Chinese and German languages, found identical in sense, together with four sets of maps of the mines, to be held by the contracting parties.

Third year of Husan Tung, 6th month, 29th day, corresponding to the 24th day of July, 1911.

*Delimitation Commissioners of the Imperial
Chinese Government, namely*

(Signed) Su,
*Commissioner for the Promotion of Industrial
Affairs at Mukden.*

Yu,
Expectant Taotai of Shantung,

MANAGING DIRECTOR
of the Chino-German
Mining Company.

GERMAN CONSUL GENERAL
at Chinanfu, Shantung.

APPENDIX E

NOTES ON THE ESTABLISHMENT AND THE ABOLITION
OF THE SPECIAL WAR ZONE

I

The Ministry of Foreign Affairs to the Diplomatic Representatives at Peking Respecting Declaration of War Zone

Peking, September 3rd, 1914.

Your Excellency:

As all the belligerents engaged in the present European war maintain friendly relations with our country, our Government has decided to declare neutrality and maintain same with all efforts. Reports from the local authorities in the Province of Shantung have repeatedly stated that German troops have been engaged in military preparations in and near Kiaochow Bay, and that the Japanese and British Allied troops have begun also military operations in Lungkow and in places near Kiaochow Bay and Laichow. It is very unfortunate that Germany, Japan, and Great Britain, friends of our country, have committed such altogether unexpected acts within our territory, creating an extraordinary situation analogous to the Russo-Japanese acts of hostility in Liao-tung Peninsula in the year of 1904. The only way open to us is to follow that precedent, to declare that so far as concerning Lungkow, Laichow and places adjacent to Kiaochow Bay within the narrowest possible limits absolutely necessary for military operations of the belligerent troops, our Government will not be wholly responsible as a neutral state; while in all other places within our territory, the Law of Neutrality which has already been promulgated shall remain in full force. However, within the districts as designated above, the administration as well as territorial jurisdiction, the safety of the inhabitants and the functionaries, public and private properties shall be fully respected by the belligerent states.

While the above is communicated to all other belligerent States, I request Your Excellency to have the goodness of transmitting the same to your Government.

(Signed) SUN PAO-CHI.

II

First Note from the Ministry of Foreign Affairs to the British and Japanese Ministers at Peking, Notifying the Cancellation of the War Zone, January 7th, 1915.

Peking, January 7th, 1915.

Your Excellency :

On September 3rd, 1914, it was communicated to Your Excellency that, as Great Britain, Japan, and Germany were making military preparations in and near Kiaochow, Lungkow and Laichow, and as all the belligerents are friends to China, our Government was obliged to follow the precedent established during the Russo-Japanese War, of delimiting a minimum area absolutely necessary for military actions of the troops of both parties to the war, and that so far as the delimited area was concerned, we would not hold ourselves wholly responsible as a neutral State.

Now, as the hostilities have ceased, and all military preparations have been entirely withdrawn, it is clear that there will be no more occasion to use Lungkow or the places near Kiaochow for military actions. It is, therefore, hereby declared that all the previous communications relating to the delimitation of the war zone shall be cancelled, and that the original status, with said area be restored.

Wherefore I request, through you, Your Excellency, that your Government, in order to respect the neutrality of China, withdraw all the troops, if there is still any, from the said area.

(Signed) SUN PAO-CHI.

III

Note from the Japanese Minister at Peking to the Ministry of Foreign Affairs Refusing to Recognize the Cancellation of the War Zone, January 9th, 1915

Peking, January 9th, 1915.

Your Excellency :

I have the honour to acknowledge the receipt of your note of January 7th stating : that as Great Britain, Japan, and Germany were making military preparations in Kiaochow, Lungkow and Laichow the Chinese Government, acting upon the precedent set

during the Russo-Japanese War, has delimited a minimum area necessary for the movement of troops and for the use of the troops of the belligerent States and that now as the hostilities have ceased and the military measures will naturally be all withdrawn, it is clear that there will be no more necessity of using the said area, and therefore all the previous communications relating to delimiting the exceptional area be cancelled, its original status be restored, and the Japanese troops be all withdrawn.

The contents of the above note were immediately reported to our Government, from which a telegraphic instruction has now been received which states:

When your Government brought up the matter in question for diplomatic discussion, the Imperial Government declared that a reply would be given sooner or later, and also courteously gave the reason why the reply was delayed; but your Government has ignored all the diplomatic negotiations in the past and now of a sudden performs an act, improper, arbitrary, betraying, in fact, want of confidence in international good faith and regardless of friendly relations. We can not acquiesce therein under any circumstance.

The Imperial Government deems it necessary to declare that even if your Government actually cancels the communications concerning the creation of a war zone, the Imperial Government would not permit the movement and actions of their troops within a necessary period to be affected or restricted by such act of cancellation.

The above are my instructions which I have the honour to communicate to Your Excellency's Government.

(Signed) HIOKI EKI.

IV

Second Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking Respecting the Cancellation of the War Zone, January 16th, 1915.

Your Excellency:

In reply to your note of the 9th of January, I regret to say that there exists much misunderstanding.

When Japan, Great Britain, and Germany, friends of China,

were making military preparations within Chinese territory, our Government, in view of the extraordinary situation, declared Lungkow, Laichow, and places near Kiaochow, within the narrowest possible limits, and absolutely necessary for the operations of the troops of the belligerent States, to be temporarily a special area within which we shall not be responsible as a neutral State. This step was taken with a view to maintaining international friendship on the one hand, and meeting the necessity of the international situation on the other. We made that special declaration because we considered it necessary, and not because we had any agreement to that effect with the belligerent States. As our declaration was an independent act, so now we cancel it in an equally independent way—there being no necessity at all to secure the concurrence of any party. It is really difficult to see how you can consider our declaration to cancel the special area arbitrary or inappropriate. Two months have elapsed since the capture of Tsingtao; the basis of German military preparations has been destroyed, the troops of Great Britain have already been, and those of your country, gradually withdrawn. This shows clearly that there is no more military action in the special area, and that the said area ought to be cancelled admits of no doubt. It is just because of our due regard for international confidence and friendship that our Government postponed a formal declaration to cancel what ought to have been cancelled already long ago. Furthermore, within the last two months we have repeatedly reminded your Government of the desirability of an early withdrawal of your troops so as to effect a restoration of order. Notwithstanding all this, the matter still remains unsettled today. The molestation in these localities and the sufferings of the inhabitants, coupled with the fact that the port of Tsingtao has already been opened without any more hindrance, have led our Government to think that time is opportune for cancellation, and to wait any longer would be simply unreasonable; and after careful deliberation, we finally decided to make a declaration to cancel the said prescribed area. So far as international confidence and friendship is concerned, we have nothing to regret on our part. Moreover at the outbreak of the hostilities, your Government declared the preservation of peace in the Far East to be their object. Now, our declaration to cancel the prescribed zone has also been made out of our sincere belief in and respect for the principle which your Government has been cherishing. That such a declaration should be deemed as tending

to impair international confidence and friendship, is really beyond our comprehension.

In short, we prescribed a special area simply because there existed a special situation created by the acts of the belligerent States. Now, as there is no longer any such special situation, the *raison d'être* for the prescribed area ceases to exist. As efforts have always been made to effect an amicable settlement of affairs between your country and ours, it is our earnest hope that your Government will act upon the principle of preserving peace in the Far East, and of maintaining international confidence and friendship which is really an appropriate and well-meant act—so that there shall be no further misunderstanding and that a state of complete neutrality in the said area should be restored.

We shall be much obliged if you will be so good as to transmit this reply to your Government.

(Signed) SUN PAO-CHI.

APPENDIX F

NOTES PROTESTING AGAINST VIOLATION OF THE NEUTRALITY OF CHINA AND THE OCCUPATION OF THE KIAOCHOW-TSINAN RAILWAY

I

Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking Protesting Against Violation of Neutrality

September 27, 1914.

Your Excellency:

A telegram received from the local authorities in the Province of Shantung states that over four hundred Japanese soldiers have arrived at Weih sien and taken possession of the railway station.

When the Japanese and British Allied Troops needed a military passage in order to attack Kiaochow, our country was obliged to prescribe a war zone, and also declared that Japan and Great Britain should at the same time observe strictly China's neutrality outside the zone. On the 7th of September, a despatch received from your Government stated that your Government understood, with some difficulty, what our Government meant in that declaration. This Ministry further declared

that the railroad from Weihsien to Chinan should be under Chinese protection, and through Your Excellency we requested your Government to issue an order prohibiting your troops from advancing to Weihsien, or to any place west of Weihsien. But now the troops of your country have forced their way into Weihsien and taken possession of the railway. Considering that the railroad belongs to a Sino-German Corporation, that all the railway stations have also been under Chinese protection, and in none of them has there ever been any German troop, and that Weihsien is in the purely neutral territory; the acts committed by the troops of your country are manifestly contrary to the declaration and in violation of China's neutrality.

Therefore, we request Your Excellency to transmit this note to your Government, and ask your Government to order by telegraph the withdrawal of the troops, and the restoration of the railway stations. Such acts should never be allowed to be repeated again, in order that international faith, as well as the law of neutrality be observed.

We wish that you will favour us with a reply.

(Signed) SUN PAO-CHI.

II

First Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking Protesting Against the Occupation of the Kiaochow-Chinan Railway, September 30, 1914

September 30, 1914.

Your Excellency:

Regarding the occupation of Weihsien by Japanese troops and the violation of China's neutrality, a despatch was sent to your Government, together with a memorandum on the 27th instant. On the 28th, the next day, Your Excellency came to the Ministry and stated that the troops of your country would soon take possession of the Kiaochow-Chinan Railway, whereupon we immediately and emphatically replied that we could not accept the reasons you advanced therefor. As it is a matter of grave importance, I hereby specially make a formal protest.

The Kiaochow-Chinan Railway has been constructed and operated jointly by Chinese and German capitalists, and this is clearly provided in Section II of the Kiaochow Convention and in Article I of the Kiaochow-Chinan Railway regulations. It

thus becomes clear that the Railway is not only the private property of the German merchants, but also partly owned by the Chinese capitalists. To regard this line as the public property of the German Government is, therefore, a fundamental mistake. It is a settled principle that even the public property of a belligerent, while on a neutral territory, can not be attacked, or taken possession of by the other belligerent, much more so in the present case when the property in question is jointly owned by Chinese and German capitalists. How can your Government have the least pretext for taking possession of it? It has been a long while since the troops of your country have begun to attack Tsingtao, and the German troops in Tsingtao have been isolated, rendered helpless, and entirely and long ago cut off from communication through the Kiaochow Railway. Not only our Government will never allow the Germans to make use of the line, it is actually beyond their power to make use of it. Therefore, the contemplated action of your country is decidedly not a case of military necessity.

When the Japanese and British troops directed a joint attack upon Kiaochow Bay, our Government was obliged to prescribe a special zone. But outside of the zone we are determined to maintain strict neutrality, which should be respected by all the belligerents. This has been declared by our Government and accepted by your Government. As to the protection by our Government of the railways from Weihsien to Chinanfu, the Ministry also made a special declaration, which was accepted by Your Excellency. Now, greatly to our surprise, the troops of your country have, without any justification, occupied the station in Weihsien, and intimated their intention to advance westward, and Your Excellency has even informed the Ministry that they will occupy the whole railway. Our Government is obliged to regard both the contemplated and accomplished acts as contrary to our previous understanding, as a violation of China's neutrality, and as a breach of international law.

Therefore, we make this formal and solemn protest and request, through Your Excellency, your Government for the sake of maintaining international relations to order the troops outside the prescribed area to be withdrawn as soon as possible.

We wish that Your Excellency will favour us with an immediate reply.

(Signed) SUN PAO-CHI.

III

The Japanese Minister at Peking to the Ministry of Foreign Affairs Respecting the Protest Against the Occupation of the Kiaochow-Chinan Railway, October 2nd, 1914

October 2, 1914.

Your Excellency :

I have the honour to say that I have duly received your despatches of September 27th and September 29th in which your honourable Ministry made protests regarding the occupation of the Weihsien railway station by the troops of our country. These communications along with the request for your approval, which I made, under instructions from my Government, to your honourable Minister, in person on September 28th, for the transfer of that part of the railway between Weihsien and Chinan to the control and management of my country, were telegraphically sent to my Government. Instructions have now been received from my Government this day, and I have the honour to reproduce the same for your perusal, as follows :

In pursuance of the policy of the Imperial Government to definitely uphold the peace of the entire Far East, and for the purpose of weakening the fundamental influence of Germany in the said region, the Japanese-German War was declared. The war now declared has for its aim not only the attack on the men-of-war and forts of the enemy in the leased territory of the Kiaochow Bay, but also the elimination of the base of German activities in the Far East, which aim has been repeatedly communicated to the Government of China, and, we hope, has been clearly understood.

Regarding the Shantung Railway, it was the outcome of the Treaty of lease of the Kiaochow Bay between Germany and China in the year 1898. It was in consequence of this Treaty that Germany secured the right of building this railway, the Company of which is entirely under the control of the German Government, and its nature is public and in no way different from a purely German Company. It is of the same character as the leased territory. This fact is beyond dispute, in view of its origin, the special charter given by the German Government and the way in which the Company draws its funds.

Moreover a railway from its very nature positively can not be treated one part separately from the other. Although one part of

this German owned railway is situated west of Weih sien, it can not be held as having changed its character on the ground that a part remains in neutral territory. Besides, the aim of the Imperial Government is not only to overthrow the base possessed by the enemy, but also to cause the control and administration of this indivisible railway to fall into our possession. In view of the war this does not seem to be beyond propriety. It is, therefore, not necessary to secure the approval of the Chinese Government as to the execution of this principle. But in order to avoid misunderstanding, we have made friendly request for approval regardless of the urgency of the situation. It is surprisingly beyond the comprehension of the Imperial Government for the Chinese Government to be suspicious of Japan's every movement. We regret for such a condition.

Regarding the points misunderstood by the Chinese Government, as shown in the two documents, we point out as follows :

1° Whether the Shantung Railway is a German railway or a joint-interest railway can be determined substantially by the special permit given by Germany. As to the governmental nature of the said railway, there can be no doubt, in view of what has been said above.

2° If the Shantung Railway can not be held as being the property of a neutral, how can it be said of our violating neutrality if it is transferred to our control? Now, China, in consequence of the delimitation of the war zone, suggests to change simultaneously the nature of the Shantung Railway. The Imperial Government can not see the reason why China should do so. Furthermore, the question of delimiting the war zone and the question of the nature of the Shantung Railway, as well as its control and administration, are clearly separate questions which can not be amalgamated into one.

3° Although the Chinese Government holds that under the present condition the Shantung Railway can not be utilized by the German troops in view of its severance with Chinan, yet from the attacking troops' point of view, the Railway being immediately behind Tsingtao, and in view of the present situation, it is a serious danger to the military operations to leave a railway owned by the enemy perfectly free. We are, therefore, compelled to secure the railway by all means. Moreover, the Chinese Government has often failed to stop the assistance of the enemy on this railway, of which there are many examples.

4° In the documents the Chinese Government emphatically

declared its readiness to protect the railway between Weih sien and Chinan, which declaration is said to have been agreed to by our Government. The Imperial Government likes to be informed as to what this refers to.

(Signed) HIOKI EKI.

IV

Second Note from the Ministry of Foreign Affairs to the Japanese Minister at Peking Protesting Against the Occupation of the Kiaochow-Chinan Railway, October 9th, 1914

Peking, October 9th, 1914.

Your Excellency:

I have the honour to acknowledge the receipt of your despatch dated the 2nd instant, of which I have taken notice. But our Government can not concur in the explanation made by your Government of the occupation of the Kiaochow-Chinan Railway.

1. That the Kiaochow-Chinan Railway is private property is beyond any doubt. In Article 2 of Sec. II of the Kiaochow Convention, there is the express provision that "in order to carry out the above-mentioned railway construction a Sino-German Company shall be formed"; and in Article 1 of the Regulations made in 1899 respecting the joint construction and maintenance of the Kiaochow-Chinan Railway, it is stated that the construction and maintenance of the railway shall be undertaken by a Sino-German Company. All these stipulations show very clearly that the railway is a joint stock enterprise of Chinese and German merchants. In our despatch to Your Excellency on September 29th, we mentioned the above two points, to which we call Your Excellency's attention; but in your reply we fail to see why no reply was made to these two points. If you wish to ascertain the real and definite nature of that railway—whether it is public or private property—those two points are essential to the solution of the question; and yet they have apparently been disregarded. We really fail to discover any reason for such a disregard.

2. The protection by our Government of the railway from Weih sien to Chinan is at the same time a matter of our right and duty. The concurrence of your Government on this matter is, strictly speaking, quite unnecessary. It was simply out of extra caution that more than once we made oral declarations to that effect before Your Excellency, and instructed by telegraph

our Minister at Tokyo, M. Lou Tsung-yu, to make the same declaration to your Government. Since your Government did not express any objection thereto, we have certainly the right to conclude that your Government has tacitly and justly recognized our rights and duty.

3. During the present unfortunate war, our Government has acted in accordance with international law and maintained strict neutrality, particularly we have paid special attention to Shantung affairs. Your Government in the above-mentioned reply alleged that our Government was unable to prevent acts contributing to strengthen the position of your enemy from being done on the railway. From such an allegation, we strongly dissent; and, as there is no evidence produced, we do not know to what your Government referred.

4. Tsingtao has been isolated and rendered helpless; the Kiaochow-Chinan Railway has been guarded by our troops and police in the section of 400 li west of Weih sien, and by the troops of your country in the other section of 300 li east of Weih sien; and, in fact, Tsingtao is so surrounded by the besieging troops that no possible assistance can be expected from outside. And yet your Government said that the situation would be extremely dangerous, unless that portion of 400 li west of Weih sien was occupied by the troops of your country. In fact, we fail to see where lies the danger.

5. Your country has announced that its declaration of war against Germany was for the purpose of preserving peace in the Far East. Therefore, only the disarmament of German war vessels and the restoration of Kiaochow have been proclaimed. We have never heard of the so-called elimination of the base of German activities in the East. But the action sought to be justified in such vague terms has resulted in the violating of China's neutrality, and in the occupation of property within the territory of a friendly nation property partly owned by neutral merchants. This is entirely inconsistent with the previous declaration of your Government.

Finding the situation extremely regrettable, we are obliged hereby again to make a strong protest in the hope that your Government will, in compliance with our request made in the note of September 29th, withdraw all the troops outside the prescribed area, in conformity with the declared principle and observance of the law of neutrality.

(Signed) SUN PAO-CHI.

APPENDIX G

*China's Declaration of War on Germany and Austria-Hungary,
August 14, 1917*

On the 9th day of the 2nd month of this year (February 9, 1917) the Government of the Republic addressed a protest to the German Government against the policy of submarine warfare inaugurated by Germany, which was considered by this Government as contrary to International Law, and imperilling neutral lives and property, and declared therein that in case the protest should be ineffectual this Government would be constrained, much to its regret, to sever diplomatic relations with Germany.

Contrary to our expectations, however, no modification was made in Germany's submarine policy after the lodging of our protest. On the contrary, the number of neutral vessels and belligerent merchantmen destroyed in an arbitrary and illegal manner was daily increasing and the lives of our citizens lost were numerous. Under such circumstances, although we might yet remain indifferent and endure suffering, with the meager hope of preserving a temporary peace, in so doing we would never be able to satisfy our people who are devoted to righteousness and sensible to disgrace, nor could we justify ourselves before our sister States which have acted without hesitation in obedience to the dictates of a sense of duty. Both here and in the friendly States, the cause of indignation was the same, and among the people of this country there could be found no difference of opinion. This Government, therefore, being compelled to consider its protest as being ineffectual, notified the German Government on the 14th day of the 3d month last of the severance of diplomatic relations and at the same time the events taking place from the beginning up to that time were announced for the general information of the international public.

What we have desired is peace; what we have respected is International Law; what we have to protect are the lives and property of our own people. As we originally had no other grave causes of enmity against Germany, if the German Government had manifested repentance for the deplorable consequences resulting from its method of warfare, it might have been expected to modify this policy in view of the common indignation of the

whole world. That was what we have eagerly desired, and it was the reason why we have felt reluctant to treat Germany as a common enemy. Nevertheless, during the five months following the severance of diplomatic relations, the submarine attacks have continued exactly as before. It is not Germany alone, but Austria-Hungary as well, which has adopted and pursued this policy without abatement. Not only has International Law been thereby violated, but also our people are suffering injuries and losses. The most sincere hope on our part of bringing about a better state is now shattered.

Therefore, it is hereby declared, that a state of war exists between China on the one hand and Germany and Austria-Hungary on the other commencing from ten o'clock of this, the 14th day of the 8th month of the 6th year of the Republic of China.

In consequence thereof, all treaties, agreements, and conventions, heretofore concluded between China and Germany, and between China and Austria-Hungary, as well as such parts of the international protocols and international agreements as concern only the relations between China and Germany and China and Austria-Hungary are, in conformity with the Law of Nations and international practice, hereby abrogated. This Government, however, will respect the Hague Conventions and its international agreements respecting the humane conduct of war.

The chief object in our declaration of war is to put an end to the calamities of war and to hasten the restoration of peace. All our citizens will appreciate this to be our aim. Seeing, however, that our people have not yet at the present time recovered from sufferings on account of the recent political disturbances and that calamity again befalls us in the breaking out of the present war, I, the President of this Republic, can not help having profound sympathy for our people when I take into consideration their further suffering. I would never have resorted to this step which involves fighting for the very existence of our nation, were I not driven to this unavoidable decision.

I can not bear to think that through us the dignity of International Law should be impaired, or our position in the family of nations should be undermined or the restoration of the peace and happiness of the world should be retarded. Let the people of this entire nation do their utmost in this hour of trial and hardship in order to safeguard and develop the national existence of the Chung Hua Republic, so that we may establish ourselves

amidst the family of nations and share with all mankind the prosperity and blessings drawn from our common association. Let this proclamation be published in order that it may be generally known.

[SEAL OF THE PRESIDENT]

Peking, the 14th day of the 8th month, the 6th year of the Chung Hua Republic (August 14th, 1917).

Countersigned by:

TUAN CHI-JUI,
Premier and Minister of War.

WANG TA-HSIEH,
Minister of Foreign Affairs.

TANG HUA-LUNG,
Minister of the Interior.

TSAO JU-LIN,
Minister of Communications.

CHANG KUO-KAN,
Minister of Agriculture and Commerce.

LIANG CHI-CHAO,
Minister of Finance.

LIU KWAN-HSIUNG,
Minister of the Navy.

LING CHANG-MING,
Minister of Justice.

FAN YUAN-LIEN,
Minister of Education.

APPENDIX H

SECRET AGREEMENTS BETWEEN CHINA AND JAPAN, 1918

I

Exchange of Notes Between the Chinese Minister at Tokio and the Japanese Minister for Foreign Affairs Respecting the Construction of Chinan-Shunteh and Kaomi-Hsuchow Railways, September 24th, 1918

Note from Mr. Tsung-Hsiang Chang to the Japanese Minister for Foreign Affairs

Tokio, September 24, 1918.

Monsieur le Ministre:

The Chinese Government has decided to obtain loans from Japanese capitalists for the purpose of constructing as soon as possible the railways connecting points as below set forth.

Having received an authorization from my Government, I have the honour to communicate the same to your Government.

1. Between Chinan and Shunteh;

2. Between Kaomi and Hsu-chow.

However, in case the above-mentioned two lines are deemed to be disadvantageous from the point of view of railway enterprise, other suitable lines will be decided upon by consultation.

Should there be no objection to the above proposition it is requested that your Government will proceed forthwith to take the necessary steps to cause Japanese capitalists to agree to enter into negotiations for loans on the same.

A reply to the above communication will be appreciated.

(Signed) TSUNG-HSIANG CHANG.

His Excellency, BARON SHIMPEI GOTO, etc.

Baron Goto to the Chinese Minister at Tokio

Tokio, September 24, 1918.

Monsieur le Ministre:

I have the honour to acknowledge the receipt of Your Excellency's note of this day's date in which you state that your Government has decided to obtain loans from Japanese capitalists for the purpose of construction as soon as possible the railways connecting points as below set forth.

(Quotes Items 1—2 as given in the note of the Chinese Minister.)

The Imperial Government acknowledge with pleasure the communication of the Chinese Government, and beg to state in reply that they will proceed forthwith to take the necessary steps to cause Japanese capitalists to agree to enter into negotiations for loans on the same.

(Signed) SHIMPEI GOTO.

His Excellency, MR. TSUNG-HSIANG CHANG, etc.

II

*Preliminary Contract Between China and Japan Respecting the
Chinan-Shunteh and Kaomi-Hsuchow Railways,
September 24th, 1918*

The full text of the preliminary contract for the Chinan-Shunteh and Kaomi-Hsuchow railways construction loan is as follows:

For the construction of two railways—one from Chinan in the Province of Shantung to Shunteh in the Province of Chili, the

other from Kaomi in the Province of Shantung to Hsuehchow in the Province of Kiangsu (hereafter called the Two Railways)—the Government of the Republic of China (hereafter called the Government) of the first part, and the Japanese Industrial Bank representing the three banks, the Japanese Industrial Bank, the Taiwan Bank, and the Chosen Bank (hereafter called the Banks) of the second part, hereby make the following preliminary contract as a basis for the conclusion of a formal loan contract.

ART. 1. The Government agrees that to meet all the expenses necessary for the construction of the railway from Chinan, in the Province of Shantung, to Shunteh, in the Province of Chili, and that from Kaomi, in the Province of Shantung, to Hsuehchow, in the Province of Kiangsu, the Banks shall issue Chinese Government Chinan-Shunteh Railway Gold and Kaomi-Hsuehchow Railway Gold Bonds (hereafter called bonds of the Two Railways). But to assure the success of the Chinan-Shunteh and Kaomi-Hsuehchow lines, if as a railway enterprise the location of the lines should be found to be not advantageous, the Government may arrange with the Banks to change the location of the lines.

ART. 2. The Government will soon determine the amount required for the construction and of all other necessary expenses, and secure concurrence of the Banks therefor.

ART. 3. The bonds of the Two Railways shall expire at the end of 40 years dating from the day of issue. Repayment shall begin from the eleventh year and be made in accordance with a plan of amortization.

ART. 4. As soon as the formal contract shall have been made, the construction work shall begin so that the railroads may be completed in a short time.

ART. 5. The Government pledges the following as security for the repayment of the principal and interest on the bonds of the Two Railways; all properties now belonging or will in the future belong to the Chinan-Shunteh and Kaomi-Hsuehchow Railways.

Without the consent of the Banks, the Government shall not pledge away to any other party as security or guarantee any part of the property or its income which at present belongs, or will, in future, belong to Chinan-Shunteh and Kaomi-Hsuehchow Railways.

ART. 6. The price of issue of the railways' bonds, the interest thereon, and the actual amount to be received by the Government shall be agreed upon according to the circumstances at the time

of issue always, however, with a view to the best interests of the Government.

ART. 7. Conditions which have not been provided for in the preceding articles shall be decided between the Government and the Banks in common accord.

ART. 8. A formal contract for the Chinan-Shunteh and Kaomi-Hsuchow Railway loan shall be based on this preliminary contract, and be made within four months from the date of this contract.

ART. 9. On the conclusion of this preliminary contract, the Banks will advance to the Government 20,000,000 yen in the full amount without any discount whatsoever.

ART. 10. The rate of interest on the said advance shall be eight per cent. per annum, that is to say, every one hundred yen shall bear a yearly interest of eight yen.

ART. 11. The said advance shall be paid against the delivery of national treasury notes issued by the Government, according to their actual value.

ART. 12. The national treasury notes referred to in the preceding article shall be renewed every six months, and upon each renewal, the interest thereon for the six months shall be paid to the Banks.

ART. 13. After a formal contract for the Chinan-Shunteh and Kaomi-Hsuchow Railway loan has been made, the Government shall appropriate the proceeds realized from the sale of the above-said bonds in payment, by priority, and without delay, of the above advance.

ART. 14. The payment of the said advance and of the interest thereon, its repayment, and all other transactions connected therewith, shall be made at Toyko, Japan. This preliminary contract is made in two Japanese copies, and two Chinese copies, the Government and Banks shall each keep one copy of each language. In case of doubt in interpretation, the Japanese text shall prevail.

The 24th day, 9th month, 7th year of the Republic of China.

(Signed) TSUNG-HSIANG CHANG,
Chinese Minister.

A. ONO,
*Vice-President of the Japanese
Industrial Bank.*

III

*Exchange of Notes Between the Chinese Minister at Tokio and
the Japanese Minister for Foreign Affairs Respecting
Adjustment of Questions Concerning Shantung,
September 24th, 1918*

Note from Baron Goto to the Chinese Minister at Tokio

Tokio, September 24, 1918.

Monsieur le Ministre :

The Japanese Government, mindful of the amicable relations between our two countries and out of a spirit of friendly co-operation, propose to adjust all the questions relating to Shantung in accordance with the following articles :

1. Japanese troops along the Kiaochow-Chinan Railway, except a contingent of them to be stationed at Chinanfu, shall be withdrawn to Tsingtao.

2. The Chinese Government may organize a police force to undertake the policing of the Kiaochow-Chinan Railway.

3. The Kiaochow-Chinan Railway is to provide a reasonable amount to defray the expense for the maintenance of the above-mentioned police force.

4. Japanese are to be employed at the headquarters of the above-mentioned police force at the principal railway stations and at the police training school.

5. Chinese citizens shall be employed by the Kiaochow-Chinan Railway Administration as part of its staff.

6. The Kiaochow-Chinan Railway, after its ownership is definitely determined, is to be made a Chino-Japanese joint enterprise.

7. The civil administration established by Japan and existing now is to be abolished.

The Japanese Government desire to be advised of the attitude of your Government regarding the above-mentioned proposals.

(Signed) SHIMPEI GOTO.

His Excellency, Mr. TSUNG-HSIANG CHANG, etc.

*Mr. Tsung-Hsiang Chang to the Japanese Minister
for Foreign Affairs*

Tokio, September 24, 1918.

Monsieur le Ministre :

I have the honour to acknowledge the receipt of Your Excellency's note stating :

The Japanese Government, mindful of the amicable relations between our two countries and out of a spirit of friendly co-operation, propose to adjust all the questions relating to Shantung in accordance with the following articles:

(Quotes Items 1-7 as contained in the note of the Japanese Minister for Foreign Affairs.)

In reply, I have the honour to state that the Chinese Government are pleased to agree to the above-mentioned Articles proposed by the Japanese Government.

(Signed) TSUNG-HSIANG CHANG.

His Excellency, BARON SHIMPEI GOTO, etc.

IV

*Exchange of Notes Between the Chinese Minister at Tokio and the Japanese Minister for Foreign Affairs for Building Four Railroads in Manchuria and Mongolia, September 24th, 1918**

Note from Mr Tsung-Hsiang Chang to the Japanese Minister for Foreign Affairs

Tokio, September 24, 1918.

Monsieur le Ministre:

The Chinese Government have decided to obtain loans from Japanese capitalists for the purpose of building as soon as possible the railways connecting the points as below set forth. Having received an authorization from my Government, I have the honour to communicate the same to your Government.

1. Between Kai-yuan, Hailung and Kirin;
2. Between Changchun and Taonan;
3. Between Taonan and Dalny (?);
4. From a point between Taonan and Jehol to some seaport (this line to be determined in future after an investigation).

Should there be no objection to the above propositions it is requested that your Government will proceed forthwith to take

* These two notes have no direct bearing upon the Shantung question. They are reproduced here for two reasons: that they were originally included among the Chino-Japanese secret agreements given out at the Versailles Peace Conference, and that the four railways granted to Japan in the notes are of unusual strategic and economic significance.

the necessary steps to cause Japanese capitalists to agree to enter into negotiations for loans on the same.

A reply to the above communication will be appreciated.

(Signed) TSUNG-HSIANG CHANG.

His Excellency, BARON SHIMPEI GOTO, etc.

Baron Goto to the Chinese Minister at Tokio

Tokio, September 24, 1918.

Monsieur le Ministre:

I have the honour to acknowledge the receipt of Your Excellency's note in which you state that your Government have decided to obtain loans from Japanese capitalists for the purpose of constructing as soon as possible the railways connecting points as below set forth.

(Quotes Items 1-4 as contained in the note of the Chinese Minister.)

The Imperial Government acknowledge with pleasure the communication of the Chinese Government, and beg to state in reply that they will promptly take the necessary steps to cause Japanese capitalists to agree to enter into negotiations for loans on the same.

(Signed) SHIMPEI GOTO.

His Excellency, MR. TSUNG-HSIANG CHANG, etc.

V

Preliminary Contract for Loans to Build Four Railroads in Manchuria and Mongolia, September 28th, 1918

The Chinese Government (hereafter called the Government), for the purpose of building four railroads:

1. From Jehol to Taonan,
2. From Changchun to Taonan,
3. From Kirin via Hailung to Kai-yuan.

4. From a point between Jehol and Taonan to some point on the sea coast (the said four roads to be hereafter mentioned as the four roads in Manchuria and Mongolia) and as a preparatory measure for a formal contract, hereby concludes with the syndicate represented by the Japanese Industrial Bank and composed of:

1. The Japanese Industrial Bank;

2. The Taiwan Bank;

3. The Chosen Bank;

(hereafter mentioned as the Banks) the following Preliminary Contract:

ART. 1. The Government authorizes the aforementioned Japanese Banking Syndicate to issue:

1. Chinese Government Jehol-Taonan R. R. Gold Bonds.

2. Chinese Government Changchun-Taonan R. R. Gold Bonds.

3. Chinese Government Kirin-Kai-yuan R. R. Gold Bonds.

4. Chinese Government (name to be determined) R. R. Gold Bonds (hereafter to be designated as Manchuria-Mongolia 4 Railway Bonds) to cover the constructing expenses of the above-mentioned four R. R.

The Government and the Banks shall conjointly determine the point on the Jehol-Taonan R. R. to be connected to some seaport and the route to be taken by the R. R. connecting said point with said seaport.

ART. 2. The Government shall determine as soon as possible the constructing and other expenses needed by the four R. R. and shall obtain the agreement of the Banks in respect thereof.

ART. 3. The Gold Bonds of the four R. R. shall expire at the end of forty years, counting from the date of issue of said bonds.

Beginning with the eleventh year from the date of issue, the repayment of the said bonds shall commence in accordance with a system of amortization.

ART. 4. When the Formal Contract for the loan to build the four R. R. is concluded, the Chinese Government shall conjointly with the Banks decide on an engineering program of construction and construction shall begin with a view to the speedy completion of the said R. R.

ART. 5. As guarantee for the capital and interest of the Gold Bonds, the Government shall pledge to the Banks the present and future property and income of the four R. R.

Unless with the consent of the Banks the Government shall not pledge the above-mentioned property and income as guarantee or security to any other party.

ART. 6. The price of issue, the rate of interest and the actual amount to be received by the Government in respect of the Gold Bonds shall be determined in accordance with the conditions at the time of issue of said bonds, always, however, to the best interests of the Government.

ART. 7. The Government and the Banks shall conjointly decide on matters not covered by the above articles.

ART. 8. The present Preliminary Contract shall form the basis for a Formal Contract which shall be concluded within four months from the conclusion of the present Preliminary Contract.

ART. 9. The Banks, after the conclusion of the Preliminary Contract, shall advance to the Government Yen 2,000,000 to be paid in full and without discount.

ART. 10. The interest of the above-mentioned advance shall be eight per cent per annum, to wit, for every one hundred yen there shall be eight yen as annual interest.

ART. 11. The above-mentioned advance shall be paid against the delivery of the National Treasury Notes issued by the Government at their actual value.

ART. 12. The said National Treasury Notes shall be renewed every six months, each time with the payment of six months' interest.

ART. 13. When the Formal Contract for loans to build the four R. R. is concluded, the advance shall have priority of repayment from the proceeds of the Gold Bonds.

ART. 14. The payment of both the interest and the advance and other transactions connected therewith shall take place in Tokio.

Copies of this Preliminary Contract shall be prepared in both the Chinese and Japanese languages, two copies in each language. The Government and the Banks shall each be furnished with two copies, one in each language.

In case of disagreement in the interpretation of the Preliminary Contract the Japanese language shall prevail.

Done this Twenty-eighth Day of Ninth Month of the Seventh Year of the Republic of China.

This Twenty-eighth Day of Ninth Month of the Seventh Year of the Reign of Taisho of the Imperial Government of Japan.

TSUNG-HSIANG CHANG,

Envoy Extraordinary and Minister Plenipotentiary of the Republic of China to Japan.

A. ONO,

Vice-President of the Japanese Industrial Bank.

APPENDIX I

MEMORANDUM PRESENTED TO THE PEACE CONFERENCE AT VERSAILLES BY THE CHINESE DELEGATION CONTAINING PROVISIONS FOR INSERTION IN THE PRELIMINARIES OF PEACE WITH GERMANY

I.—*Memorandum*

In formulating the provisions herewith presented for insertion in the Preliminaries of Peace with Germany, the Chinese Government are animated mainly by a desire to have restored to China the territory, rights and property which were originally obtained from her by either intimidation or by actual force, and to remove certain restrictions on her freedom of political and economic development.

An engagement to ratify the International Opium Convention of January 23, 1912, concluded at The Hague, is asked of Germany, because her refusal to ratify it, it will be recalled, was largely responsible for the delay in its execution. Her fulfilment of this obligation will mean the removal of one of the obstacles to the accomplishment of the admirable purpose underlying this important international instrument, a purpose not only consonant with the highest interests of China but conducive to the common welfare of the world.

The Chinese Government hope and trust that the representatives of all the Associated Governments at the Preliminary Peace Conference will give such endorsement and support to the accompanying provisions as will insure their full acceptance by Germany.

II.—*Provisions for Insertion in the Preliminaries of Peace with Germany*

ARTICLES

- I.—Termination of Treaties between China and Germany by War and the Opening of Tsingtao to foreign trade and residence.
- II.—New Treaty of Commerce and General Relations to be based upon the principles of Equality and Reciprocity, with Germany relinquishing that of Most-Favored Nation Treatment.

- III.—Withdrawal of Germany from Protocol of September 7, 1901.
- IV.—Cession of German Public Property in Chinese Territory.
- V.—Compensation for losses of Chinese Government and Nationals.
- VI.—Reservation of Right of Claiming War Indemnity.
- VII.—Reimbursement of Expenses for Internment and Maintenance of Prisoners of War.
- VIII.—Restitution of Astronomical Instruments and other Works of Art.
- IX.—Engagement to ratify International Opium Convention of January 23, 1912.

I

The state of war between China and Germany having terminated all treaties, conventions, protocols, agreements, contracts and other arrangements between them, consequently all rights, privileges, concessions, immunities and tolerances granted therein, or based thereupon, or accruing therefrom, including notably the leasehold rights of Kiaochow Bay, the Railway and Mining concessions and other rights and options in relation to the Province of Shantung, have reverted to China and or ceased to exist.

The Chinese Government, being desirous of promoting international trade and the principle of equal opportunity for the commerce and industry of all nations in Shantung Province as in other parts of the Republic, intend, as soon as they have regained possession of the leased territory of Kiaochow, to open Tsingtao therein and other suitable places in Shantung Province to foreign trade and residence. •

II

Germany engages to adopt the principles of equality and reciprocity as the basis of a new treaty of commerce and general relations to be concluded with China and to relinquish therein on her part the principle of the so-called most-favored nation treatment; and the said new treaty, when concluded, shall guide all intercourse between the two countries in future.

From the signing of the Preliminaries of Peace until the conclusion and operation of such a treaty, the tariffs, dues and regulations which are or may be applied to the ships and merchandise of non-treaty powers shall be applicable to German

ships and the merchandise of German origin or manufacture, it being mutually understood that China may, in accord with the common policy of the Associated Powers, prohibit or restrict resumption of trade relations between China and Germany within the above-mentioned period.

III

Germany, considering herself to have withdrawn, on August 14, 1917, from the Protocol of September 7, 1901, including all Annexes as well as all Notes and Documents supplementary thereto, relinquishes to China all the rights, privileges and claims accruing, therefrom or acquired thereunder, and waives to China, furthermore, her portion of the indemnity due under the said Protocol for the period between March 14, 1917, and August 14, 1917.

IV

Germany cedes to China all the buildings, wharves, barracks, forts, arms and munitions of war, vessels of all kinds, marine cables, wireless installations and other public property belonging to the German Government which are found in the German concessions in Tientsin and Hankow and in other parts of Chinese territory, including that portion of Kiaochow formerly leased to Germany.

It is understood, however, that buildings and establishments used as diplomatic or consular offices or residences are not included in the above act of cession.

Subject to the following paragraph of this Article and reserving the right to revoke this decision in accord with the common policy of the Associated Powers, China consents to restore all private property of German subjects seized or sequestered by her on or after the declaration of the existence of a state of war between China and Germany, except where the Chinese Government deems such restoration impossible or incompatible with China's public interests, in either of which cases she may exercise the right of free disposal and make compensation to the lawful owners.

Germany, however, agrees to China's withholding all such private property or the proceeds from its sale, pending the satisfaction of the claims of the Chinese Government and nationals referred to in Articles V and VI below; and, after the said

claims are satisfied, then in trust for the Powers associated with China in the war, for meeting the claims they or their subjects or citizens may prefer against Germany.

V

Germany agrees to compensate the Chinese Government and nationals for losses they have sustained in consequence of the war.

VI

China reserves her right of preferring a claim against Germany for indemnity of war expenses in accord with the decision of the Preliminary Peace Conference.

VII

Germany engages to pay all the expenses for the internment and maintenance of the prisoners of war and civilians, incurred by the Chinese Government, less the expenses of like nature incurred by the German Government.

VIII

Germany engages to restore to China, within 12 calendar months from the date of signature of the Preliminaries of Peace, all the astronomical instruments and other works of art which her troops removed in 1900-1901 from China without the latter's consent, and defray all expenses which may be incurred in effecting such restoration, including the expenses of dismounting, packing, transporting, insurance and installation in Peking.

IX

Germany engages to ratify and put in operation, within six months from the date of signature of the Preliminaries of Peace, the International Opium Convention concluded at The Hague, January 23, 1912.

APPENDIX J

THE CLAIM OF CHINA FOR DIRECT RESTITUTION TO HERSELF OF
THE LEASED TERRITORY OF KIAOCHOW, THE TSINGTAO-CHINAN
RAILWAY AND OTHER GERMAN RIGHTS IN RESPECT OF
SHANTUNG PROVINCE

*A—Origin and Extent of Germany's Leasehold and Other
Rights Respecting Shantung*

1. The German Asiatic squadron, in search of a suitable naval base and maritime harbour in the Far East, had made laborious cruises along the Chinese coast and an official German Commission had recommended the Bay of Kiaochow as the most desirable spot, when the killing of two German missionaries in November, 1897, in the interior of Shantung Province, in circumstances beyond the control of the local authorities, afforded the German Government the long sought for pretext for resorting to force in order to attain their object. Four German men-of-war, by order of the Kaiser, landed an expeditionary force on the coast of Kiaochow Bay and forthwith announced their occupation of the territory. In the face of imminent danger from the presence of German troops on Chinese territory, the Chinese Government was constrained to conclude with Germany the Convention of March 6, 1898.

2. It was under this Convention that China set aside a zone of 50 kilometers around the Bay of Kiaochow at high water for the passage of German troops therein at any time while reserving to herself all rights of sovereignty; and granted to Germany a lease for ninety-nine years of both sides of the entrance to the Bay of Kiaochow with a certain number of islands.

3. Germany obtained under the same Convention the concession to construct two lines of railway in Shantung and to develop mining properties for a distance of 15 kilometers from each side of these railways. Both the railways and mining enterprises were to be undertaken by Sino-German Companies to be organized for the purpose, and Chinese and German merchants alike might subscribe to their share of stock and appoint directors for their management. Besides, the Chinese Government was made to engage that in all cases where foreign assistance, in personnel, capital or material, might be needed for any purpose whatever within the Province of Shantung,

an offer should be made in the first instance to German manufacturers and merchants.

The Tsingtao-Chinan Railway and branch, 434 kilometers in all, was one of the two lines authorized, financed and constructed by the Schantung Eisenbahn Gesellschaft, founded June 14, 1899, under a charter from the German Government, granted June 1, 1899; and which had made an agreement with the Governor of Shantung, March 21, 1900, covering the detail regulations relative to the construction and working of this line. It was opened to traffic in June, 1904.

The Concession to develop the mining properties as granted by the Convention of March 6, 1898, was taken by the Schantung Bergbau Gesellschaft, a company which was formed October 10, 1899, under a charter from the German Government dated June 1, 1899. The properties developed or in process of development by this company were the Fangtze and Hungshan Collieries and the iron mines near Chinglinchen.

By an agreement of February 5, 1913, the Schantung Bergbau Gesellschaft transferred all its rights and liabilities to the Schantung Eisenbahn Gesellschaft, which thereupon became the owner of the mining properties under consideration as well as the railway.

4. The right of protection of the Tsingtao-Chinan Railway belonged to China. Article 16 of the Railway regulations made by agreement of March 21, 1900, provided:

"If troops are needed, outside the 100 li (50 kilometer) zone, they shall be despatched by the Governor of the Province of Shantung. No foreign troops may be employed for this purpose."

Article 26 of the same agreement provided:

"Should the Railway Company apply for soldiers to protect the preparatory work, the construction or the traffic of the railway, the Governor of the Province of Shantung shall at once consider the circumstances and comply with such application."

As regards the protection of the mining properties belonging to the Shantung Mining Company, Article 10 of the Mining Regulations made by agreement of March 21, 1900, provided:

"If the Company, in course of prospecting or operating mines, or in course of building mining plants, should request the Governor of Shantung to despatch troops for protection outside the 100 li (50 kilometer) zone, he shall, on the receipt of such a petition and after considering the circumstances, forthwith

comply with the request, and despatch an adequate body of troops for the purpose. As regards the amount of contribution which the Company shall pay to these guards, the matter shall be subsequently negotiated. But the Company shall not apply for foreign troops."

In 1900 German troops were sent to and remained in Kaomi and Kiaochow, which are inside the 50 kilometer zone, but outside of the leased territory. Pursuant to a convention concluded November 28, 1905, between the Chinese Governor of Shantung Province and the German Governor of Tsingtao, Germany, however, withdrew the troops to Tsingtao and recognized China's right of policing that section of the railway which lay within the 50 kilometer zone as well as the remaining portion of the line westward and enforcing therein the Chinese police regulations in force in other parts of Shantung Province. A Chinese police station was forthwith established at Kiaochow and the policing work of the section within the zone was duly taken over by China.

5. Besides, Germany possessed certain railway loan options in respect of Shantung Province. By an exchange of Notes of December 31, 1913, China granted Germany an option to finance and construct and supply materials for two lines of railway, one from Kaomi to a point on the Tientsin-Pukow line, tentatively fixed at Hanchuan, and the other from Chinan to a point on the Peking-Hankow line between Shunteh and Sinhsiang; while Germany, on her part, relinquished her options in respect of Tehchow-Chenting line and the Yenchow-Kaifeng line, as well as the Concession granted in the Convention of March 6, 1898, to build a line through the Southern part of Shantung Province; and also agreed to ratify the Mining Areas Delimitation Agreement of July 24, 1911, concluded between the Governor of Shantung Province and the Mining Company. Subsequently by an exchange of notes of June 10, 1914, Germany obtained a loan option on any westward extension of the Chinan-Shunteh line, on the Chefoo-Weihsien line and the Tsining-Kaifeng line.

Under the Mining Areas Delimitation Agreement of July 24, 1911, mentioned above, Germany's mining rights in Shantung Province, which, according to the Convention of March 6, 1898, extended 15 kilometers or 10 miles on each side of the railways then to be built in the Province, were greatly curtailed. The Shantung Mining Company relinquished under this agreement all her mining rights except the Tsechuan and Fangtze Collieries

and Chinglingchen iron mine. The areas of these three mining properties retained were surveyed and defined with an option for German subjects to supply capital, engineers, materials and machinery, if needed for mining operations within the areas relinquished.

*B—Origin and Extent of Japan's Military Occupation
of Shantung*

1. Soon after the outbreak of the European War, China proclaimed her neutrality by a Presidential Mandate of August 6, 1914. Two weeks later the Japanese Minister informed the Chinese Government that Japan had delivered an ultimatum to Germany on August 15, advising the immediate withdrawal of German men-of-war and armed vessels of all kinds from Chinese and Japanese waters and the delivery at a date not later than September 15 of the entire leased territory of Kiaochow to the Japanese authorities, with a view to the eventual restoration of the same to China; and asking for an unconditional acceptance of the advice by noon on August 23, 1914. The purpose of this step, as stated in the preamble of the ultimatum, was "to see that causes of disturbance of peace in the Far East are removed and to take steps to protect the general interest of the Anglo-Japanese Alliance." Though not previously consulted, the Chinese Government intimated their desire to join in the contemplated course of action in regard to the leased territory of Kiaochow, and ceased to urge it only when they found it was not favorably entertained. Japan, failing to receive a reply to her ultimatum, declared war on Germany, August 23, 1914.

2. The first contingent of Japanese troops, 20,000 strong, despatched to attack Tsingtao, unexpectedly selected for the purpose of disembarkation, the port of Lungkow, which is situated on the northern coast of Shantung Province, 150 miles north of Tsingtao. They landed on September 3. In proceeding across the entire breadth of the peninsula to their destination, Kiaochow, which their advance guards reached on September 14, they deemed it necessary to occupy cities and towns en route, to seize the Chinese postal and telegraph offices, and to subject the populace to suffering and hardships, including requisitions of labour and supplies. The British force which co-operated with the Japanese troops in the attack, was landed on the other hand at Laoshan Bay, inside the German leased territory, on Sep-

tember 23; and owing to the fact that the distance which separated Laoshan Bay from Tsingtao was much shorter and the natural obstacles fewer than what the Japanese troops had to encounter in their preliminary advances, it arrived on the scene in time to participate in the first engagement with the Germans.

3. In order to better safeguard the neutrality of her territory, China, when confronted with the presence of Japanese troops in Lungkow, was constrained to declare, on September 3, that the Chinese Government, following the precedent established in the Russo-Japanese War, would not accept the responsibility for the passing of belligerent troops or any war operations at Lungkow, Laichow and the adjacent districts of Kiaochow Bay, and reconfirmed the strict neutrality of the other parts of China. The Government of the Powers were informed of this declaration by a note of the same date. At the same time an understanding was reached with the Japanese Government that the special military zone so declared extended from the sea to a point on the railway east of the Weihsien railway station, approximately 100 miles west of Tsingtao, and that the Japanese troops should observe the limits and not encroach westward.

4. Nevertheless, on September 26, a contingent of 400 Japanese troops proceeded to Weihsien and occupied the railway station. On October 3, they compelled the withdrawal of Chinese troops from the vicinity of the railway; and three days later, on October 6, they, notwithstanding the protests of the Chinese Government, went to Chinan and occupied all the three stations in the city, thereby possessing themselves of the entire line of the railway from Tsingtao to Chinan. Japanese troops were distributed along the entire line and its employees were gradually replaced by Japanese subjects. The mining properties along the railway were seized in the same period and their exploitation resumed.

Meanwhile the military campaign to invest and capture Tsingtao proceeded until November 7, when the Germans surrendered the city of Tsingtao to the Allied expeditionary force of British and Japanese troops, who entered on November 16. The port was opened to trade on January 1, 1915.

5. Seeing that with the complete surrender of the Germans at Tsingtao, hostilities had terminated and the military measures of both belligerents had been abandoned, the Chinese Government requested the withdrawal of Japanese troops from the interior of Shantung to Tsingtao, the removal of the light rail-

way from Lungkow to Chantien, and the taking down of the special telegraph wires attached to the Chinese telegraph poles. Unable to persuade the Japanese Government to accede to their request, but seeing that the exigencies which had compelled them to declare the special military zone had already ceased to exist, the Chinese Government revoked their previous declaration and duly notified the British and Japanese Ministers on January 7, 1915, of the act of revocation. To this communication the Japanese Minister replied in a note of January 9, 1915, stating under instructions from his Government that the act of revocation was "improper, arbitrary, betraying in fact, want of confidence in international good faith and regardless of friendly relations," and that the Japanese Government would not permit the movements and actions of the Japanese troops in Shantung to be in any way affected by the action of the Chinese Government.

6. After the occupation of Tsingtao and the Bay of Kiaochow, Japan demanded the right to appoint about forty Japanese subjects to the staff of the Chinese Maritime Customs which China had established under the Sino-German agreement of April 17, 1899, as amended December 1, 1905. The Chinese Government did not feel justified in acceding to the proposal as they had reason to apprehend that its acceptance might disorganize the customs administration, and as when the Germans were in control, appointments to the staff of the Chinese Customs in Tsingtao had always been made by China. When negotiations were thus pending, General Kamio, under instructions, took possession of the Customs offices and seized the archives and other property of the Chinese Customs.

7. The Province of Shantung was in this situation when the Japanese Minister in Peking, to the dismay of China, presented to the President of China on January 18, 1915, the now celebrated Twenty-one Demands, divided into five groups. The first group dealt with the question of Shantung. Negotiations extended into May, when on the 7th of that month the Japanese Government sent an ultimatum to China demanding a satisfactory reply within forty-eight hours. At the same time reports reached Peking of the increase of Japanese garrisons in Manchuria and Shantung. In the face of these circumstances the Chinese Government had no other course to follow than to yield to the wishes of Japan. China was constrained to sign on May 25th, 1915, among other things, a treaty in respect of Shantung Pro-

vince, accompanied by three sets of notes. The Chinese Government felt compelled to give their consent, however unwillingly, only in order to maintain the peace of the Far East, to spare the Chinese people unnecessary suffering, and to prevent the interests of friendly Powers in China from being imperilled at a time when they were already engaged in an unprecedented struggle against the Central Powers for the vindication of right, liberty, and justice; and because she felt confident, moreover, that the final settlement of this question as of the other questions dealt with in the agreement made in consequence of the Twenty-one Demands, could be effected only at the Peace Conference.

8. Under an Imperial Ordinance, No. 175, of October 1, 1917, the Japanese Government established a Civil Administration at Tsingtao with branches at Fangtze, Chantien and Chinan, all of which three cities are situated along the railway outside of the leased territory and of the 50 kilometer zone. Fangtze, the nearest of the three above-mentioned cities to Tsingtao, is separated from it approximately by a distance of 90 miles. The Fangtze branch of the Japanese Civil Administration has even asserted jurisdiction in law suits between Chinese and has levied taxes on them. The Kiaochow-Chinan Railway and the mines were also placed under the control of a railways department of the Civil Administration.

9. Public opinion in China, especially in Shantung, became alarmed at the continued presence of the Japanese troops along the railway, extending as it does, into the heart of Shantung, and at the establishment of these Japanese bureaux of Civil Administration aiming, in view of the Chinese people, at the permanent occupation of that Province—one to which their hearts are profoundly attached. They brought such pressure to bear upon the Chinese Government that the latter deemed it advisable to find some means of appeasing their minds until the war was terminated, and until the Peace Conference had met to settle all questions affecting the future peace of the world. Negotiations were opened with the Japanese Government and a preliminary agreement was concluded with them on September 24, 1918, making a loan for the construction of two railways to connect the Tsingtao-Chinan Railway with the Tientsin-Pukow-Nanking-Shanghai line at Hsuechow and the Peking-Hankow line. In consideration thereof, the Japanese Government, in an exchange of Notes, also dated September 24, 1918, agreed, among other things, to withdraw the Japanese

troops along the Tsingtao-Chinan Railway, and to abolish the existing Japanese Civil Administration bureaux in Shantung. An advance of twenty million yen was made, but the final agreement has not to date been signed.

C—Why China Claims Restitution

1. The leased territory of Kiaochow, including the bay and islands therein, is and has always been an integral part of Chinese territory. The nationality has never been in question. On the contrary, the sovereignty of China over the territory is reserved in the Lease Convention. Besides, the lease to Germany in 1898 originated in an act of aggression on her part, and was granted by China only under coercion in circumstances already described in Part A of this memorandum. The railway and mining rights which Germany possessed in Shantung Province before the war were part of the same grant. Restitution to China of these rights and the leased territory would, therefore, be a mere act of justice to her in consonance with the accepted principle of territorial integrity and of nationality, while return of the same to Germany, or their transfer to any third Power, would be to deny justice to China.

2. The Province of Shantung, of which the leased territory of Kiaochow is a part, and in which the German-built Railway, now in Japanese occupation, stretches from Tsingtao to the interior over a distance of 254 miles, contains a population of 38 million inhabitants, who are proud and intensely patriotic. They are part and parcel of the homogeneous Chinese race. They speak and write the same Chinese language, and believe in the same Confucian religion as the Chinese people in the other Provinces of China. They meet every requirement of the principle of nationality; they are indeed the very embodiment of the principle itself. Nor is there any doubt of their earnest desire to free their own Province from the menace of Germany, or of any other Power.

3. Historically, Shantung is the birthplace of China's two greatest sages, Confucius and Mencius, and the cradle of Chinese civilization. It is, in fact, the Holy Land for the Chinese people. Every year thousands of Chinese scholars, pilgrims of Confucianism, travel to Chufou, in the heart of the Province, to do homage to the reverend memory of the illustrious sages. The eyes of the entire Chinese people are focussed on this Province, which has

always played and still plays a very important part in the development of China.

4. The dense population in Shantung Province creates a keen economic competition. To earn a livelihood is a difficult thing for 38,347,000 inhabitants limited to the resources of agriculture in a Province of 35,976 square miles. The population is almost equal to that of France, with a territory, however, only one-quarter as large. It is evident, therefore, that there is no room for surplus population of any foreign Power. The creation of a special sphere of influence or special interests therein could lead only to the unjustified exploitation of the Chinese inhabitants.

5. Besides, Shantung Province possesses all the elements for the economic domination of North China. Its larger population provides a growing market for foreign merchandise, while its rich mineral resources and abundance of raw materials are conducive to the development of industries. More important than these, however, is the fact that the Bay of Kiaochow is destined to be at once the chief outlet for the products of North China and the principal port of entrance for foreign goods destined for the same regions. Kiaochow had indeed been the principal port of Shantung for many centuries. Thither the products of the Province were brought down in a canal built in the year 1200 and connected with Weihsien, the most important market of the interior. Though Kiaochow itself has ceased to be a maritime town after the torrents which emptied into the bay had gradually filled the northern part, yet Shantung now possesses the port of Tsingtao, which occupies a point on the coast corresponding to the port of Kiaochow. Reinforced by new arteries of trade, including the Tsingtao-Kiaochow-Weihsien-Chinan Railway, which is connected at the last-mentioned city with the Peking-Tientsin-Nanking-Shanghai system of railways, and being situated on the brink of the Kiaochow Bay which, unlike the Peiho of Tientsin, never freezes, but is well sheltered from the winter winds, the new emporium is in a position to tap the trade of the whole of North China. Nowhere, therefore, is the building up of a foreign sphere of influence more dangerous to international trade and industries; nowhere can the open door policy be upheld with greater advantage to the common interests of all foreign Powers, than in the Province of Shantung; and no country is in a better position to uphold it than China herself.

6. Strategically, the Bay of Kiaochow commands one of the

gateways of North China. By the existence of the Tsingtao-Chinan Railway, which is connected at the latter mentioned terminal with the railway of Tientsin and Peking, it controls, too, one of the quickest approaches from the sea to the capital of the Chinese Republic, one other being the line of railway commencing from Port Arthur and Dalny to Mukden and thence to Peking. In the interest of her national defense and security, no less than on other grounds, the Chinese Government have wished to terminate the German occupation of Tsingtao and Kiaochow Bay, and now that, thanks to the Anglo-Japanese Allied force, Germany has been expelled therefrom, China earnestly desires to retain these strategically vital points in her own hands.

7. Examined from various points of view, the question of the leased territory of Kiaochow with its appurtenant rights is susceptible of only one satisfactory solution. By restoring it to China, together with the railway and other rights, the Peace Conference would be not only redressing a wrong which has been wantonly committed by Germany, but also serving the common interests of all nations in the Far East. The people of Shantung Province are a sensitive people, they resent any foreign penetration looking to political or economic domination of their Province, and they do not always hesitate to manifest their resentment. They resented bitterly the German occupation of the Kiaochow Bay and the German penetration into the Province of Shantung. They resent even the present temporary occupation of the leased territory and the railway of a friendly associate and partner in the war, as evidenced in the protests of the Provisional Legislature, of the gentry and of the Chamber of Commerce. And their feeling is shared by the people in the other Provinces of China. The difficulty with which the Chinese Government have restrained them from manifesting their opposition in a more energetic way than making protests is indicative of their profound feelings on the question. It is felt that non-restitution might give cause to friction not only between China and any foreign Power which was to hold the leased territory, the railway and other rights of Germans, but more particularly between the people of Shantung and the nationals of such a Power. It would be difficult to reconcile it with the declared purpose of the attack on Tsingtao, which was "to secure a firm and enduring peace in Eastern Asia"; nor would it be consonant with the objects of the alliance between Japan and Great Britain, one of which was stated to be "the

preservation of the common interest of all Powers in China by insuring the independence and integrity of the Chinese Empire, and the principle of equal opportunities for the commerce and industry of all nations in China."

D—Why Restitution Should Be Direct

In dwelling upon the ground justifying complete restitution to China of the leased territory of Kiaochow, the Tsingtao-Chinan Railway and other appurtenant rights, the Chinese Government is far from suggesting, still less from apprehending, that Japan, in claiming from Germany the unconditional surrender of the leasehold and the railway rights, would not return the same to China after she had obtained them. On the contrary, China has every confidence in Japan's assurances to her. If emphasis has been laid on the point of complete restoration to China, it has been done only for the purpose of focusing attention on the fundamental justice of such a step.

1. But of this restoration there are two possible modes, direct restitution to China, and indirect restitution through Japan; and of the two, the Chinese Government prefers the first course, because, among other reasons, it is a simpler procedure and less likely to give rise to complications. It is preferable to take one step than two, if it leads to the same point of destination. Moreover, the fact that Chinan, participating in the glorious victory of the Allies and Associates, received direct from Germany the restitution of Tsingtao and other rights of Shantung, will comport to her national dignity and serve to illustrate further the principles of right and justice for which the Allies and Associates have fought the common enemy.

2. In asking for direct restitution the Chinese Government is not unaware of the sacrifices which Japan has made in dislodging Germany from Tsingtao, nor of the losses she has sustained in life and treasure. For this act of neighbourly service so nobly performed by her brave army and navy, the Government and people of China feel sincerely grateful. They feel indebted also to Great Britain for having co-operated in this task at a time of great peril to herself in Europe. Nor are they forgetful of their indebtedness to the troops of the other Allied and Associated Powers who held in check an enemy who might otherwise have easily sent reinforcements to the Far East, thereby prolonging hostilities there. China appreciates those

services all the more keenly because her own people in Shantung have suffered and been obliged to undergo sacrifices in connection with the military operations of the Allied forces for the capture of Tsingtao. But grateful as China is, she does not feel justified in admitting that her territorial rights could be affected *ipso facto* by a war between other Powers, she not having then entered the war. Furthermore, the sacrifices of Japan could receive no greater or more substantial compensation than in the full attainment of her declared object in the war, namely, the elimination of German menace to the peace of the Far East.

3. Nor is the Chinese Government oblivious of the fact that Japan has been for four years a military occupant of the leased territory, the railway and other rights. But military occupation pending the termination of a war, it is submitted, does not of itself give title to the territory or property occupied. It is in any case only temporary and subject to confirmation or termination at the Peace Conference, where the general interests of all the Allied and Associated Powers in the war are to be considered. In the present case, Japan's military occupation of the leased territory and the railway has, from the day of China's Declaration of War on Germany and Austria-Hungary, been against the rights of China, as Associate and partner in the war, and, in the case of the railway, has been against her protest from the very beginning.

4. It is true that on May 25, 1915, China concluded with Japan a treaty in relation to Shantung Province, the first article of which reads:

"The Chinese Government agrees to give full assent to all matters upon which the Japanese Government may hereafter agree with the German Government relating to the disposition of all rights, interests and concessions which Germany, by virtue of treaties or otherwise, possesses in relation to the Province of Shantung."

It is to be recalled, however, that this treaty, together with another in relation to Manchuria and Eastern Inner Mongolia, and a number of exchanges of notes, was the outcome of the Twenty-one Demands imposed on China by Japan on January 18, 1915, without the least provocation. China reluctantly agreed to it only after having received an ultimatum from Japan calling for a satisfactory reply within forty-eight hours.

Apart from the circumstances under which the treaty was

made—circumstances which were most painful to China—it was in the view of the Chinese Government at best merely a temporary arrangement subject to final revision by the Peace Conference, because it dealt primarily with a question which had arisen from the war, and which, therefore, could not be satisfactorily settled except at the final Peace Conference. The same view applies to the agreement made more recently in respect of the Kiaochow-Chinan Railway and other railway concessions formerly granted to Germany.

Moreover, careful examination of the article above mentioned will reveal the fact that it does not confer on Japan any claim to the leased territory, the railway or the other German rights in Shantung; it merely gives her an assurance of China's assent to all matters relating to the disposition of Germany's rights, interests and concessions which may eventually be agreed on between Japan and Germany. This assurance was clearly subject, however, to the implied condition that China remained neutral throughout the war; and therefore, would be unable to participate in the final Peace Conference. Any other interpretation of this article would have to attribute to Japan an intention which she could not have entertained consistently with her express declaration, as, for instance, in her treaty of alliance with Great Britain, of her desire to insure, among other things, the independence of China. For to have denied China the right to declare war, to sit in the Peace Conference and defend her own rights and interests would have meant the denial to her of an essential right accruing from her political independence. China's entry into the war so vitally changed the situation contemplated in the treaty that on the principle of *rebus sic stantibus*, it ceased to be applicable.

5. Furthermore, since China had expressly stated in her Declaration of War that all treaties, agreements and conventions, heretofore concluded between China and Germany, were abrogated by the existence of the state of war between them, the Lease Convention of March 6, 1898, under which Germany had held the leased territory, the railway and other rights, was necessarily included in the act of abrogation; and all the leasehold rights of Germany might be therefore considered to have reverted in law to the territorial sovereign and original lessor state. In other words, Germany has lost her leasehold rights and now possesses no rights in relation to Shantung which she can surrender to another Power. If it be contended that the war had not con-

clusively abrogated the Lease Convention, then Germany, because of an express prohibition in the Convention, would be no more competent to transfer the leased territory to a third Power. As regards the railway, the right is expressly reserved to China in the Railway Agreement of March 21, 1900, to buy the line back, implying a prohibition against transfer to a third Power.

In view of the foregoing considerations, the Chinese Government earnestly trust that the Peace Conference will find their claim for direct restitution to China of the leased territory of Kiaochow, the Tsingtao-Chinan Railway, and other German rights in relation to Shantung Province, as one well-founded in law and justice. Full recognition of this claim, they believe, will cause the Government and people of China to feel deeply indebted to the Powers, especially to Japan, for their sense of justice and their spirit of altruism. It will serve at once to strengthen the political independence and territorial integrity of China, which the Chinese Government believe Japan and other friendly Powers are sincerely desirous of upholding, and to secure, by a new guarantee, the permanent peace of the Far East.

APPENDIX K

LETTER OF PROTEST BY GENERAL BLISS

“Hotel de Crillon, Paris.

“April 29, 1919.

“My dear Mr. President:

“Last Saturday morning you told the American Delegation that you desired suggestions, although not at that moment, in regard to the pending matter of certain conflicting claims between Japan and China centering about the alleged German rights. My principal interest in the matter is with sole reference to the question of the moral right or wrong involved. From this point of view I discussed the matter this morning with Mr. Lansing and Mr. White. They concurred with me and requested me to draft a hasty note to you on the subject.

“Since your conference with us last Saturday, I have asked myself three or four Socratic questions the answers to which make me, personally, quite sure on which side the moral right lies.

"First. Japan bases certain of her claims on the right acquired by conquest. I asked myself the following questions: Suppose Japan had not succeeded in her efforts to force the capitulation of the Germans at Tsing-Tau; suppose that the armistice of November 11th had found her still fighting the Germans at that place, just as the armistice found the English still fighting the Germans in South-East Africa. We would then oblige Germany to dispose of her claims in China by a clause in the Treaty of Peace. Would it occur to any one that as a matter of right, we should force Germany to cede her claims to Japan rather than to China? It seems to me that it would occur to every American that we would have the opportunity that we have long desired to force Germany to correct, in favour of China, the great wrong which she began to do to the latter in 1898. What moral right has Japan acquired by her conquest of Shantung assisted by the British? If Great Britain and Japan secured no moral right to sovereignty over various savages inhabiting islands in the Pacific Ocean, but, on the other hand, we held that these peoples shall be governed by mandates under the League of Nations, what moral right has Japan acquired to the suzerainty (which she would undoubtedly eventually have) over 30,000,000 Chinese in the sacred province of Shantung?

"Second. Japan must base her claims either on the Convention with China or on the right of conquest, or on both. Let us consider her moral right under either of these points.

"(a) If the United States has not before this recognised the validity of the rights claimed by Japan under her Convention with China, what has happened since the Armistice that would justify us in recognising their validity now?

"(b) If Germany had possessed territory, in full sovereignty, on the east coast of Asia, a right to this territory, under international law, could have been obtained by conquest. But Germany possessed no such territory. What then was left for Japan to acquire by conquest? Apparently nothing but a lease extorted under compulsion from China by Germany. I understand that international lawyers hold that such a lease, or the rights acquired, justly or unjustly, under it, cannot be acquired by conquest.

"Third. Suppose Germany says to us, 'We will cede our lease and all rights under it, but we will cede them back to China.' Will we recognise the justice of Japan's claims to such

an extent that we will threaten Germany with further war unless she cedes these rights to Japan rather than to China?

“Again, suppose that Germany, in her hopelessness of resistance to our demands, should sign without question a clause ceding these rights to Japan, even though we know that this is so wrong that we would not fight in order to compel Germany to do it, what moral justification would we have in making Germany do this?

“*Fourth.* Stripped of all words that befog the issue, would we not, under the guise of making a treaty with Germany, really be making a treaty with Japan by which we compel one of our Allies (China) to cede against her will these things to Japan? Would not this action be really more unjustifiable than the one which you have refused to be a party to on the Dalmatian Coast? Because, in the latter case, the territory in dispute did not belong to one of the Allies, but to one of the Central Powers; the question in Dalmatia is as to which of two friendly powers we shall give territory taken from an enemy power; in China the question is, shall we take certain claimed rights from one friendly power in order to give them to another friendly power?

“It would seem to be advisable to call particular attention to what the Japanese mean when they say that they will return Kiaochow to China. They *do not* offer to return the railway, the mines or the port, i.e., Tsingtao. The leased territory included a portion of land on the north-east side of the entrance of the Bay and another on the south-west and some islands. It is a small territory. The 50 Kilometer Zone was not included. That was a *limitation* put upon the movement of German troops. They could not go beyond the boundary of the zone. Within the zone China enjoyed all rights of sovereignty and administration.

“Japan’s proposal to abandon the zone is somewhat of an impertinence, since she has violated it ever since she took possession. She kept troops all along the railway line until recently and insists on maintaining in the future a guard at Tsinan, 254 miles away. The zone would restrict her military movements, consequently she gives it up.

“The proposals she makes are (1) to open the whole bay. It is from 15 to 20 miles from the entrance to the northern shore of the bay. (2) To have a Japanese exclusive concession *at a place* to be designated by her, i.e., she can take just as much as she likes of the territory around the bay. It may be as large

as the present leased territory, but more likely it will include only the best part of Tsingtao. What then does she give up? Nothing but such parts of the leased territory as are of no value.

"The operation then would amount chiefly to an exchange of two pieces of paper—one cancelling the lease for 78 years, the other granting a more valuable concession which would amount to a permanent title to the port. Why take two years to go through this operation?

"If it be right for a policeman, who recovers your purse, to keep the contents and claim that he has fulfilled his duty in returning the empty purse, then Japan's conduct may be tolerated.

"If it be right for Japan to annex the territory of an Ally, then it cannot be wrong for Italy to retain Fiume taken from the enemy.

"If we support Japan's claim, we abandon the democracy of China to the domination of the Prussianized militarism of Japan.

"We shall be sowing dragons' teeth.

"It can't be right to do wrong even to make peace. Peace is desirable, but there are things dearer than peace, justice and freedom.

"Sincerely yours,

"T. H. BLISS.

"THE PRESIDENT."

APPENDIX L

SECRET MINUTES ON THE SHANTUNG SETTLEMENT

British Delegation,
Paris, 5th June, 1919.

Your Excellency:

I have laid before the Council of the Principal Allied and Associated Powers your letter of May 28th, asking for a copy of the minutes of their proceedings bearing upon Kiao-Chow and the Shantung question.

In reply, I am instructed to say that the minutes of the Council are only distributed to the persons who are actually present at the meetings.

I have been authorized, however, on behalf of the Council

to communicate to Your Excellency, for the strictly confidential use of the Chinese Delegation, the attached memorandum, which is based on the records of the Council and contains the assurances given by the Japanese respecting the eventual restoration of the leased territory of Kiao-Chow and the disposal of the German rights in Shantung.

I am, Your Excellency's obedient servant,

(Signed) M. P. A. HANKEY.

His Excellency MONSIEUR LOU TSENG-TSIANG,
Chinese Delegation.

THE MEMORANDUM

Memorandum prepared for the strictly confidential use of the Chinese Delegation at the Peace Conference, based on the records of the Council of the principal Allied and Associated Powers, and containing the assurances given by the Japanese respecting the eventual restoration to China of the leased territory of Kiao-Chow and the disposal of the German rights in Shantung.

The policy of Japan consists in restoring the Shantung Peninsula to China in full sovereignty, only retaining the economic privileges which had been granted to Germany as well as the right of establishing a concession at Tsingtao under the usual conditions. So far as the existing railway is concerned, i. e., the Tsingtao-Tsinan railway and its branches, which is to become a mixed Sino-Japanese enterprise, the owners of the railway will use special police only to ensure security for traffic. They will be used for no other purpose. The police force is to be composed of Chinese, and such Japanese instructors as the directors of the railway may select will be appointed by the Chinese Government.

The Japanese propose to surrender all military control over the Peninsula, including the fifty-kilometre zone around Kiao-Chow within which German troops were allowed but not Chinese, and all interference with the civil administration of the territory. Their intention is fully to restore Chinese sovereignty within the leased territory.

They further gave assurances that the maintenance of a garrison at Tsinan is purely provisional measure which will be continued only during a period of transition immediately following peace, and this period it is their intention to make as short as

possible. They explained that the troops had previously been lined out along the railway at a number of points, and the concentration at Tsingtao and Tsinanfu had been regarded merely as a step towards their final withdrawal. Although no date was named for the determination of this transitory arrangement the Japanese gave assurances that the troops would be withdrawn as soon as practicable and that the fortifications built by Germany would not be included in the area of the residential concession to be granted to Japan in the town of Tsingtao.

The German rights which the Japanese propose to retain are economic in their character. They consist in:

1. A right to claim a residential concession at Tsingtao, which however does not exclude, and was not intended to exclude, the right also for other countries to organize an international concession there.

2. The German rights in the railways already built, and the mines associated with them. The railways are built on land which is in full Chinese sovereignty and subject to Chinese law.

3. Concessions granted to the German for building two other railways. These railways, viz.: the Kaomi-Hsuchowful and Tsinan-Shuntefu lines, are to be built with Japanese capital, and the Japanese capitalists are at this moment negotiating with the Chinese Government as to the terms on which the necessary money will be provided. The Chinese Government will be able to secure the same position in regard to these railways as it has over other railways constructed by foreign capital.

Further, the Japanese delegation gave explicit assurances to the effect (a) That any concession which China gives them at Tsingtao will not exclude other foreign enterprise from the port.

(b) That the economic control of the existing railway, which the possession of the majority of the shares gives them will not be used in any way to discriminate between the trade facilities of different nations.

It should be mentioned that the Japanese delegates throughout these conversations made it clear that, in the event of any failure of China to carry out her share of the bargain, for example, she refused to coöperate in the formation of the police force or to admit the employment of Japanese instructors, Japan reserved the right to fall back, in the last resort, on the Sino-Japanese Agreements of 1915 and 1918. President Wilson expressed the hope that, in the event of such failure on the part of China, Japan, instead of appealing to the Agreements, should

voluntarily apply for mediation by the Council of the League of Nations.

The Japanese Delegates pointed out that, if China carried out her obligation loyally, the case would not arise, and that, even if the matter were submitted to the League of Nations, Japan nevertheless must reserve her right in the last analysis to base herself on the Agreements.

President Wilson insisted that nothing he had said should be construed as a recognition of the notes exchanged between Japan and China, because they were based upon original demands against which the government of the United States had earnestly protested.

(Signed) M. P. A. HANKEY,
Secretary.

APPENDIX M

LETTER OF THE AMERICAN CHAMBER OF COMMERCE OF CHINA

Shanghai, December 16, 1918.

DR. PAUL S. REINSCH,
American Minister to China,
Peking.

Dear Sir:

The American Chamber of Commerce of China, several members of which organization have interests in Tsingtao, have the honor to draw your urgent attention to the terms on which the Japanese Government has declared its readiness to restore the Leased Territory of Kiaochow to China and to what in our opinion would be their inevitable consequence to American interests in North China.

You will recall that the Note relative to the Leased Territory presented by the Japanese Minister to the Chinese Government in the autumn of 1917 stated—we quote the translation published by the *Japanese Chronicle* on November 8th, 1917—that:

“When after the termination of the present war the leased territory of Kiaochow Bay is completely left to the free disposal of Japan, the Japanese Government will restore the said leased territory to China under the following conditions:

“1. The whole of Kiaochow Bay to be opened as a commercial port.

"2. A concession under the exclusive jurisdiction of Japan to be established at a place to be designated by the Japanese Government.

"3. If the foreign powers desire it, an international concession may be established.

"4. As regards the disposal to be made of the buildings and properties of Germany and the conditions and procedures relating thereto, the Japanese Government shall arrange the matter by mutual agreement before the restoration."

We submit that in view of actual developments there these terms would amount in reality to the absolute control of Tsingtao and its hinterland by the Japanese and would in effect be equivalent, from a business point of view, to outright annexation of the Port and to virtual annexation of the Province by the Japanese Government. For the concession which the Japanese intend to demand is that part of Tsingtao in which the commerce of the Port is inevitably centered, namely the districts surrounding the harbor, the Customs House, and the proposed new railway would be the present residential district and this could be rendered valueless from the point of view of revenue by such "disposal" as is proved in clause 4 of the terms quoted above, which would even include the Public Slaughter House and the Electricity Station.

The evidence for this view of Japanese intention is unmistakable and patent. It meets the eyes in business houses, banks, schools and tea-houses, and private residence, all outcome of an adroitly conceived and rapidly executed program designed entirely to occupy and effectively enrich the district essential to trade and commerce. What Japanese control of wharves, railways and Customs Houses would mean, has, we submit, been amply illustrated in Dalny and Manchuria, where are practically no prospects whatever of American or other "foreign" participation in business which should be open to all.

Accordingly we urge that, if non-Japanese subjects are to have equal opportunities with the Japanese for business in Tsingtao and the Province of Shantung as a whole, the whole port should be either internationalized or restored to the Chinese Government and further that in either case, if the Japanese be given the choice of location for their concession all wharves, railways and Customs House should be kept from their control.

We urge this not only on behalf of American interests in Tsingtao, but on behalf of those of Shanghai and Tientsin, the

export and import trade of which would be seriously handicapped were control of this port and of the Shantung Railway and its proposed extensions to be vested in Japanese hands, to be made the hinge of an Open Door for Japanese only. In view of the recent developments in America and the probability of an almost immediate discussion of the Far Eastern situation as a whole we feel sure that you will appreciate the urgency of this memorandum.

As to the preference of this Chamber in reference to the future disposition of this former German leased property, we are in favor of making it a real international settlement with all harbor facilities and water-front privileges under the absolute control of an international commission. As soon as our special committee can make further investigation of this matter of international control, we shall take pleasure in sending to you copies of our memorandum and recommendations.

As you are doubtless aware, detailed information corroborating and illustrating our views is already in the possession of the American Government, but should you require further or specific particulars, we shall be ready to supply them.

Very truly yours,

(Signed) AMERICAN CHAMBER OF COMMERCE OF CHINA.

APPENDIX N

The following memorandum on the future of Tsingtao which was drawn up by the British Chamber of Commerce in that port and with the general principles of which the Associated British Chambers of Commerce in China and Hongkong are in agreement, was forwarded to H. M. Minister by the Association:

MEMORANDUM

The Tsingtao question has now entered on a phase when some kind of solution must soon be arrived at. The Chinese must choose between negotiating directly with Japan or submitting the whole question to the League of Nations. In the former event the interests of foreign Powers would probably be entirely ignored, but the latter event the League of Nations would probably take into consideration the vested interests acquired by England and other nations in the course of nineteen years' trading under treaty conditions at Tsingtao. That is to say,

any solution arrived at would be international in character. Believing that the time is becoming ripe for such a solution, the British Chamber of Commerce at Tsingtao have deemed it advisable to place upon record what in their opinion would constitute a fair settlement of the Tsingtao question, namely, a settlement which would preserve intact the sovereign rights of China and at the same time allow every nation to live and trade at Tsingtao on a footing of equality.

JAPAN'S PRIMAL PLEDGE

I. Japan undertook the reduction of Tsingtao on the express promise that she would return Tsingtao to China. In consequence of that promise China allowed a free passage to the Japanese army, the Powers gave Japan a free hand and she was assisted by British troops. Legally as well as morally, therefore, England and the other Powers have the right to insist a reasonable interpretation be given to this promise. That is to say, the Powers demand that this promise must not be merely fulfilled on paper and completely nullified in practice.

THE FIRST ESSENTIAL

II. If Tsingtao is to be returned to the sovereignty of China the very first step is to place the harbor and harbor lights, the docks and wharves and the collection of duties under the control of China. If this is not done the promise is absolutely meaningless. It follows that, in view of the vested trading interests referred to above, Tsingtao must be placed on the same footing as other ports in China. The organ for the control of harbor, docks, wharves and collections of customs duties must be the Maritime Customs, and the Maritime Customs must be simply an ordinary branch of the Chinese customs service. The appointment of the staff must be left to the unfettered direction of the inspector general in Peking and if that discretion is exercised in a manner detrimental to the interests of any nation, diplomatic representations in Peking afford a remedy.

INTERNATIONAL CONTROL

III. If the leased territory is returned to the sovereignty of China the present military administration would ipso facto be abolished and the question then arises what form of administration is to take its place. There are various alternatives which may be discussed and considered but the only solution which

British interests in China regard as satisfactory and fair to all concerned is the establishment of a municipality with elected councillors and a permanent staff such as exists at Shanghai and other ports with, however, this important addition: that, unlike Shanghai, Chinese residents in Tsingtao, equally with those of other nationalities, shall have the right to vote and sit on the council. The law administered should be the law of China, limited only by the safeguards of extraterritoriality so long as such safeguards are maintained in the rest of China.

THE RAILWAY

IV. The railway is a difficult problem capable of several solutions. It is obvious, however, that it is utterly incompatible with China's sovereignty that the railway should be practically foreign territory, garrisoned by foreign troops and guarded by foreign military police, and that the railway should control the Tsingtao docks and wharf office. The very least that should be demanded is that the docks and wharf office be placed under the control of the Chinese Maritime Customs at Tsingtao, that the foreign troops should be entirely withdrawn and a Chinese police force take the place of the military police, and that, if the railway itself is to be treated as a foreign concession, it should be managed as an economic concession pure and simple. It is suggested, however, that the question of the management and control of the Shantung Railway should not be dealt with as an isolated problem but that it should be settled in conjunction with all other railways in China as part of a comprehensive scheme of unification of railways.

THE TRANSFER OF SOVEREIGNTY

V. Assuming that the Tsingtao question is settled on an international basis as outlined above, the only feasible method of settlement would supervise the transfer of sovereignty from Japan to China and have authority to settle the numerous questions of detail which would arise. Such a commission might be appointed by the League of Nations and might contain representatives of China, Japan, England, America, and France. Many very important questions could be left to the unfettered decision of this commission. For example, when handing over control of the harbor, etc., to the Chinese Maritime Customs it might be found desirable to stipulate that the present free port area be maintained as a free port, and in deciding the fate of the

railway it would certainly be desirable to ensure a continuance of the freedom from vexatious inland taxation which was secured by Germany. With regard to the municipal administration of Tsingtao, the commission, besides settling the composition and organization of the council and its permanent staff, would be faced with the difficulty that ordinary municipal taxation would be insufficient for the proper upkeep of the town. They would have to arrange for a permanent contribution of 20 per cent. of the customs revenue as arranged in the agreement with Germany in 1905. They would also have to insist that the fiscal lands should be treated as a source of municipal revenue as was the case before the advent of the Japanese military administration. Any further alienation of those lands or any attempt to convert the 10 years' leases granted by the military administration into freeholds should be prevented.

SPECIAL INTERESTS EQUAL

It is probable that the commission in the course of its labors will be met by a demand from China for a fuller recognition of her sovereignty than is accorded to her at other places where she comes into contact with foreigners, and a demand from Japan for special consideration of the interests which she has built up since 1914. There is no reason why both these demands should not be met in a sympathetic spirit, provided only that the only object which British merchants have in view—equality of opportunity—is not placed in jeopardy.

VI. To sum up, the policy which is advocated by the British Chamber of Commerce at Tsingtao is that Tsingtao should be returned by Japan to China and that an international commission be appointed by the League of Nations to safeguard the sovereignty of China and the vested trading interests which should be settled by the commission are:

1. The customs should be an ordinary branch of the Chinese Maritime Customs and the staff should be appointed irrespective of nationality by the inspector general of customs in Peking.

2. The customs should control the harbor, harbor lights, wharves, docks and wharf godowns (warehouses).

3. The leased territory should be administered by a Municipal Council elected on property franchise in respect of which every nationality should be on a footing of equality.

4. All public utilities such as slaughter house, water works, etc., should be handed over to the municipality.

5. A contribution of 20 per cent. of the customs revenue should be paid to the municipality to facilitate upkeep of the territory as heretofore.

6. Revenue from fiscal lands should be appropriated by the municipality and no further alienation, etc., of these lands permitted.

7. The railway should be managed on an economic and not a political basis and if possible, its ultimate disposition should be fitted into a general scheme of unification of railways.

8. The railway should be perpetually free of likin and other inland taxation.

9. The free port area should be maintained.

APPENDIX O

IN THE SENATE OF THE UNITED STATES

67th Congress, 2nd Session. S. Res. 221

RESOLUTION

Requesting the President of the United States to furnish the Senate information as to what steps, if any, have been taken to give effect to certain declarations and policies relative to controversies over occupied territory in the Far East, and other related questions.

By MR. WALSH of Montana.

January 20, 1922.—*Ordered to lie over under the rule.*

January 20, 1922

Mr. Walsh of Montana submitted the following resolution; which was ordered to lie over under the rule.

RESOLUTION

Whereas, In an ultimatum dispatched by the Emperor of Japan to the Imperial German Government on August 15, 1914, which marks the entrance of the Eastern Empire in the World War, it is stated: "We consider it highly important and necessary in the present situation to take measures to remove the causes of all disturbance of the peace in the Far East. The Imperial Japanese Government sincerely believes it to be its duty to give advice to the Imperial German Government to carry out the following two propositions: First, to withdraw immediately from Japanese and Chinese waters the German men-of-war and armed vessels of all kinds; second, to deliver on a date

not later than September 15 to the Imperial Japanese authorities, without condition or compensation, the entire leased territory of Kiaochow with a view to the eventual restoration of the same to China"; and

Whereas, On May 6, 1915, after the conquest of Shantung had been consummated by an Anglo-Japanese expeditionary force and the Japanese Army was in possession of Shantung districts greatly exceeding in extent the leased territory referred to in the ultimatum, the Secretary of State of the United States addressed to the Governments of Japan and China the following identic notes: "In view of the circumstances of the negotiations which have taken place or which are now pending between the Governments of China and of Japan and the agreements which have been reached as a result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic that it can not recognize any agreement or undertaking which has been entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy commonly known as the open-door policy;" an identical note being at the same time handed to the Japanese Government by the American Embassy in Tokyo; and

Whereas, On August 24, 1915, Count Okuma, Prime Minister of Japan, cabled the American press the following message: "As Premier of Japan I have stated, and I now again state to the people of America and of the world, that Japan has no desire to secure more territory, no thought of depriving China or any other peoples of anything which they now possess;" and

Whereas, In October, 1919, the majority party of the United States Senate recorded its disapproval of the Shantung award and adopted the following reservation to the Treaty of Versailles known as the Lodge Amendment, from the fact that it was drawn up and presented by the Honorable Henry Cabot Lodge, chairman of the Committee on Foreign Relations, one of the Members of this body now serving with the American delegation to the conference, which reads: "The United States withholds its assent to articles 156, 157, 158 and reserves full liberty of action with respect to any controversy which may arise under said articles between the Republic of China and the Empire of Japan;" and

Whereas, In the course of the same debate the minority

party of the Senate voted for a reservation to the treaty whose ratification they advocated which, offered by the Honorable Key Pittman, a member of the Committee on Foreign Relations, provided "That in advising and consenting to the ratification of said treaty the United States understands that the German rights and interests renounced by Germany in favor of Japan under the provisions of articles 156, 157 and 158 of said treaty are to be returned by Japan to China at the termination of the present war by the adoption of this treaty, as provided in the exchanged notes between the Japanese and Chinese Governments under date of May 25, 1915;" and

Whereas, On July 1, 1921, the Honorable Charles E. Hughes, Secretary of State, addressed a note to the Honorable Alfred Sze, Chinese Minister to the United States, in which he stated the position of the American Government in the following terms: "The Government of the United States never has associated itself with any arrangement which sought to establish any special rights in China which would abridge the rights of the subjects or citizens of other friendly States; and I am happy to assure you that it is the purpose of this Government neither to participate in nor to acquiesce in any arrangement which might purport to establish in favor of foreign interest a superiority of rights with respect to commercial and economic development in designated regions of the territories of China;" and

Whereas, The text of the invitation sent to the Government of China by the President of the United States under date of August 11, 1921, reads: "It is quite clear that there can be no final assurance of the peace of the world in the absence of the desire for peace, and the prospect of reduced armament is not a hopeful one, unless this desire finds expression in a practical effort to remove causes of misunderstanding, and to seek ground for agreement as to principles and their application. It is the earnest wish of this Government that through an interchange of views with the facilities afforded by a conference it may be possible to find a solution of Pacific and Far Eastern problems of unquestioned importance at this time;" and

Whereas, The Honorable Charles Evans Hughes, Secretary of State, has in the course of his correspondence with Japan and the other powers signatories of the Treaty of Versailles declared: "There would be no valid or effective disposition of the overseas possessions of Germany now under consideration without the assent of the United States;" and

Whereas, The Arms Conference at which Far Eastern problems were to be discussed has been assembled in the city of Washington since November 12 of last year, and although no plenary public sessions of the conference have been held since December 10, 1921, it is officially communicated that the Shantung retrocession has not been officially discussed, although informal conversations have from time to time been pursued by the Chinese and the Japanese Plenipotentiaries, hitherto without result, as to the manner of restoring the occupied territory to its rightful owners in accordance with the terms of the Japanese declaration of war upon Germany; and

Whereas, It is contemplated in the so-called four-power pact about to be submitted for ratification that controversies likely to give rise to war affecting the insular possessions or dominions of the powers signatory thereto in the Pacific shall be composed, if possible, by conferences between them; and

Whereas, The said powers are all now represented at the said Arms Conference in session in the city of Washington: Now, therefore, be it

- 1 *Resolved*, That the President of the United States be
- 2 requested to communicate to the United States Senate, if it
- 3 is not incompatible with the public interest, what steps, if
- 4 any, have been taken to give effect in substance as well as
- 5 in form to the foregoing declarations and policies.

APPENDIX P

TREATY FOR THE SETTLEMENT OF OUTSTANDING QUESTIONS RELATIVE TO SHANTUNG

China and Japan, being equally animated by a sincere desire to settle amicably and in accordance with their common interest outstanding questions relative to Shantung, have resolved to conclude a treaty for the settlement of such questions, and have to that end named as their Plenipotentiaries, that is to say:

His Excellency the President of the Chinese Republic:
SAO-KE ALFRED SZE, *Envoy Extraordinary and Minister Plenipotentiary*;
VIKYUIN WELLINGTON KOO, *Envoy Extraordinary and Minister Plenipotentiary*; and

CHUNG-HUI WANG, *Former Minister of Justice*;
His Majesty the Emperor of Japan:
BARON TOMOSABURO KATO, *Minister of the Navy*;
BARON KIJURO SHIDEHARA, *Ambassador Extraordinary and
Plenipotentiary*; and
MASANAO HANIHARA, *Vice-Minister for Foreign Affairs*;

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

SECTION I

Restoration of the Former German Leased Territory of Kiaochow

Article I

Japan shall restore to China the former German Leased Territory of Kiaochow.

Article II

The Government of the Chinese Republic and the Government of Japan shall each appoint three Commissioners to form a Joint Commission, with powers to make and carry out detailed arrangements relating to the transfer of the administration of the former German Leased Territory of Kiaochow and to the transfer of public properties in the said Territory and to settle other matters likewise requiring adjustment.

For such purposes, the Joint Commission shall meet immediately upon the coming into force of the present Treaty.

Article III

The transfer of the administration of the former German Leased Territory of Kiaochow and the transfer of public properties in the said Territory, as well as the adjustment of other matters under the preceding Article, shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

Article IV

The Government of Japan undertakes to hand over to the Government of the Chinese Republic upon the transfer to China of the administration of the former German Leased Territory of Kiaochow, such archives, registers, plans, title-deeds and

other documents in the possession of Japan, or certified copies thereof, as may be necessary for the transfer of the administration, as well as those that may be useful for the subsequent administration by China of the said Territory and of the Fifty Kilometre Zone around Kiaochow Bay.

SECTION II

Transfer of Public Properties

Article V

The Government of Japan undertakes to transfer to the Government of the Chinese Republic all public properties including land, buildings, works or establishments in the former German Leased Territory of Kiaochow, whether formerly possessed by the German authorities, or purchased or constructed by the Japanese authorities during the period of the Japanese administration of the said Territory, except those indicated in Article VII of the Present Treaty.

Article VI

In the transfer of public properties under the preceding Article, no compensation will be claimed from the Government of the Chinese Republic: Provided, however, that for those purchased or constructed by the Japanese authorities, and also for the improvements on or additions to those formerly possessed by the German authorities, the Government of the Chinese Republic shall refund a fair and equitable proportion of the expenses actually incurred by the Government of Japan, having regard to the principle of depreciation and continuing value.

Article VII

Such public properties in the former German Leased Territory of Kiaochow as are required for the Japanese Consulate to be established in Tsingtao shall be retained by the Government of Japan, and those required more especially for the benefit of the Japanese community, including public schools, shrines and cemeteries, shall be left in the hands of the said community.

Article VIII

Details of the matters referred to in the preceding three Articles shall be arranged by the Joint Commission provided for in Article II of the present Treaty.

SECTION III

*Withdrawal of Japanese Troops**Article IX*

The Japanese troops, including gendarmes, now stationed along the Tsingtao-Tsinanfu Railway and its branches, shall be withdrawn as soon as the Chinese police or military force shall have been sent to take over the protection of the Railway.

Article X

The disposition of the Chinese police or military force and the withdrawal of the Japanese troops under the preceding Article may be effected in sections.

The date of the completion of such process for each section shall be arranged in advance between the competent authorities of China and Japan.

The entire withdrawal of such Japanese troops shall be effected within three months, if possible, and, in any case, not later than six months, from the date of the signature of the present Treaty.

Article XI

The Japanese garrison at Tsingtao shall be completely withdrawn simultaneously, if possible, with the transfer to China of the administration of the former German Leased Territory of Kiaochow, and, in any case, not later than thirty days from the date of such transfer.

SECTION IV

*Maritime Customs at Tsingtao**Article XII*

The Custom House at Tsingtao shall be made an integral part of the Chinese Maritime Customs upon the coming into force of the present Treaty.

Article XIII

The Provisional Agreement of August 6, 1915, between China and Japan, relating to the reopening of the Office of the Chinese Maritime Customs at Tsingtao shall cease to be effective upon the coming into force of the present Treaty.

SECTION V

*Tsingtao-Tsinanfu Railway**Article XIV*

Japan shall transfer to China the Tsingtao-Tsinanfu Railway and its branches, together with all other properties appurtenant thereto, including wharves, warehouses and other similar properties.

Article XV

China undertakes to reimburse to Japan the actual value of all the railway properties mentioned in the preceding Article.

The actual value to be so reimbursed shall consist of the sum of fifty-three million four hundred and six thousand, one hundred and forty-one (53,406,141) gold Marks (which is the assessed value of such portion of the said properties as was left behind by the Germans), or its equivalent, plus the amount which Japan, during her administration of the Railway, has actually expended for permanent improvements on or additions to the said properties, less a suitable allowance for depreciation.

It is understood that no charge will be made with respect to the wharves, warehouses and other similar properties mentioned in the preceding Article, except for such permanent improvements on or additions to them as may have been made by Japan, during her administration of the Railway, less a suitable allowance for depreciation.

Article XVI

The Government of the Chinese Republic and the Government of Japan shall each appoint three Commissioners to form a Joint Railway Commission, with powers to appraise the actual value of the Railway properties on the basis defined in the preceding Article, and to arrange the transfer of the said properties.

Article XVII

The transfer of all the Railway properties under Article XIV of the present Treaty shall be completed as soon as possible, and, in any case, not later than nine months from the date of the coming into force of the present Treaty.

Article XVIII

To effect the reimbursement under Article XV of the present Treaty, China shall deliver to Japan simultaneously with the completion of the transfer of the Railway properties, Chinese Government Treasury Notes, secured on the properties and revenues of the Railway, and running for a period of fifteen years, but redeemable, whether in whole or in part, at the option of China, at the end of five years from the date of the delivery of the said Treasury Notes, or at any time thereafter upon six months' previous notice.

Article XIX

Pending the redemption of the said Treasury Notes under the preceding Article, the Government of the Chinese Republic will select and appoint, for so long a period as any part of the said Treasury Notes shall remain unredeemed, a Japanese subject to be Traffic Manager, and another Japanese subject to be Chief Accountant jointly with the Chinese Chief Accountant and with co-ordinate functions.

These officials shall all be under the direction, control and supervision of the Chinese Managing Director, and removable for cause.

Article XX

Financial details of a technical character relating to the said Treasury Notes, not provided for in this Section, shall be determined in common accord between the Chinese and Japanese authorities as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

SECTION VI

*Extensions of the Tsingtao-Tsinanfu Railway**Article XXI*

The concessions relating to the two extensions of the Tsingtao-Tsinanfu Railway, namely, the Tsinanfu-Shunteh and Kaomi-Hsuchowfu lines, shall be made open to the common activity of an international financial group, on terms to be arranged between the Government of the Chinese Republic and the said group.

SECTION VII

*Mines**Article XXII*

The mines of Tsechwan, Fangtze and Chinlingchen, for which the mining rights were formerly granted by China to Germany, shall be handed over to a company to be formed under a special charter of the Government of the Chinese Republic, in which the amount of Japanese capital shall not exceed that of Chinese capital.

The mode and terms of such arrangement shall be determined by the Joint Commission provided for in Article II of the present Treaty.

SECTION VIII

*Opening of the Former German Leased Territory of Kiaochow**Article XXIII*

The Government of Japan declares that it will not seek the establishment of an exclusive Japanese settlement, or of an international settlement, in the former German Leased Territory of Kiaochow.

The Government of the Chinese Republic, on its part, declares that the entire area of the former German Leased Territory of Kiaochow will be opened to foreign trade, and that foreign nationals will be permitted freely to reside and to carry on commerce, industry and other lawful pursuits within such area.

Article XXIV

The Government of the Chinese Republic further declares that vested rights lawfully and equitably acquired by foreign nationals in the former German Leased Territory of Kiaochow, whether under the German régime or during the period of the Japanese administration, will be respected.

All questions relating to the status or validity of such vested rights acquired by Japanese subjects or Japanese companies shall be adjusted by the Joint Commission provided for in Article II of the present Treaty.

APPENDICES

SECTION IX

*Salt Industry**Article XXV*

Whereas the salt industry is a Government monopoly in China, it is agreed that the interests of Japanese subjects or Japanese companies actually engaged in the said industry along the coast of Kiaochow Bay shall be purchased by the Government of the Chinese Republic for fair compensation, and that the exportation to Japan of a quantity of salt produced by such industry along the said coast is to be permitted on reasonable terms.

Arrangements for the above purposes, including the transfer of the said interests to the Government of the Chinese Republic, shall be made by the Joint Commission provided for in Article II of the present Treaty. They shall be completed as soon as possible, and, in any case, not later than six months from the date of the coming into force of the present Treaty.

SECTION X

*Submarine Cables**Article XXVI*

The Government of Japan declares that all the rights, title and privileges concerning the former German submarine cables between Tsingtao and Chefoo and between Tsingtao and Shanghai are vested in China, with the exception of those portions of the said two cables which have been utilized by the Government of Japan for the laying of a cable between Tsingtao and Sasebo; it being understood that the question relating to the landing and operation at Tsingtao of the said Tsingtao-Sasebo cable shall be adjusted by the Joint Commission provided for in Article II of the present Treaty, subject to the terms of the existing contracts to which China is a party.

SECTION XI

*Wireless Stations**Article XXVII*

The Government of Japan undertakes to transfer to the Government of the Chinese Republic the Japanese wireless stations at

Tsingtao and Tsinanfu for fair compensation for the value of these stations, upon the withdrawal of the Japanese troops at the said two places, respectively.

Details of such transfer and compensation shall be arranged by the Joint Commission provided for in Article II of the present Treaty.

Article XXVIII

The present Treaty (including the Annex thereto) shall be ratified, and the ratifications thereof shall be exchanged at Peking as soon as possible, and not later than four months from the date of its signature.

It shall come into force from the date of the exchange of ratifications.

In witness whereof, the respective Plenipotentiaries have signed the present Treaty in duplicate, in the English language, and have affixed thereto their seals.

Done at the City of Washington this Fourth day of February, One Thousand Nine Hundred and Twenty-Two.

SAO-KE ALFRED SZE	[L.S.]	T. KATO	[L.S.]
V. K. WELLINGTON KOO	[L.S.]	K. SHIDEHARA	[L.S.]
CHUNG HUI WANG	[L.S.]	M. HANIHARA	[L.S.]

ANNEX

I

Renunciation of Preferential Rights

The Government of Japan declares that it renounces all preferential rights with respect to foreign assistance in persons, capital and material stipulated in the Treaty of March 6, 1898, between China and Germany.

II

Transfer of Public Properties

It is understood that public properties to be transferred to the Government of the Chinese Republic under Article V of the present Treaty include (1) all public works, such as roads,

water-works, parks, drainage and sanitary equipment, and (2) all public enterprises such as those relating to telephone, electric light, stockyard and laundry.

The Government of the Chinese Republic declares that in the management and maintenance of public works to be so transferred to the Government of the Chinese Republic, the foreign community in the former German Leased Territory of Kiaochow shall have fair representation.

The Government of the Chinese Republic further declares that, upon taking over the telephone enterprise in the former German Leased Territory of Kiaochow, it will give due consideration to the requests from the foreign community in the said Territory for such extensions and improvements in the telephone enterprise as may be reasonably required by the general interests of the public.

With respect to public enterprises relating to electric light, stockyard and laundry, the Government of the Chinese Republic, upon taking them over, shall re-transfer them to the Chinese municipal authorities of Tsingtao, which shall, in turn, cause commercial companies to be formed under Chinese laws for the management and working of the said enterprises, subject to municipal regulation and supervision.

III

Maritime Customs at Tsingtao

The Government of the Chinese Republic declares that it will instruct the Inspector General of the Chinese Maritime Customs (1) to permit Japanese traders in the former German Leased Territory of Kiaochow to communicate in the Japanese language with the Custom House of Tsingtao; and (2) to give consideration, within the limits of the established service regulations of the Chinese Maritime Customs, to the diverse needs of the trade at Tsingtao, in the selection of a suitable staff for the said Custom House.

IV

Tsingtao-Tsinanfu Railway

Should the Joint Railway Commission provided for in Article XVI of the present Treaty fail to reach an agreement on any

matter within its competence, the point or points at issue shall be taken up by the Government of the Chinese Republic and the Government of Japan for discussion and adjustment by means of diplomacy.

In the determination of such point or points, the Government of the Chinese Republic and the Government of Japan shall, if necessary, obtain recommendations of experts of a third Power or Powers who shall be designated in common accord between the two Governments.

V

Chefoo-Weihsien Railway

The Government of Japan will not claim that the option for financing the Chefoo-Weihsien Railway should be made open to the common activity of the International Financial Consortium, provided that the said Railway is to be constructed with Chinese capital.

VI

Opening of the Former German Leased Territory of Kiaochow

The Government of the Chinese Republic declares that, pending the enactment and general application of laws regulating the system of local self-government in China, the Chinese local authorities will ascertain the views of the foreign residents in the former German Leased Territory of Kiaochow in such municipal matters as may directly affect their welfare and interests.

APPENDIX Q

TERMS OF UNDERSTANDING AS RECORDED IN THE MINUTES OF THE
CHINESE AND JAPANESE DELEGATIONS, CONCERNING THE
CONCLUSION OF THE TREATY FOR THE SETTLEMENT OF
OUTSTANDING QUESTIONS RELATIVE TO SHANTUNG

I.—Transfer of Public Properties

1. Japanese subjects will be permitted, subject to the provisions of Chinese law, to become members or shareholders of any of the commercial companies to be formed with respect to

public enterprises mentioned in Paragraph 4 of Annex II of the Treaty.

II.—*Withdrawal of Japanese Troops*

2. After the withdrawal of the Japanese troops provided for in Articles IX-XI of the Treaty, no Japanese military force of any kind will remain in any part of Shantung.

III.—*Tsingtao-Tsinanfu Railway*

3. All light railways constructed by Japan in Shantung and all properties appurtenant thereto shall be considered as part of the properties of the Tsingtao-Tsinanfu Railway.

4. The telegraph lines along the Railway shall also be considered as part of the Railway properties.

5. The Chinese authorities, upon taking over the Railway, shall have full power and discretion to retain or to remove the present employees of Japanese nationality in the service of the Railway. In replacing such employees, reasonable notice shall be given before the date of the transfer of the Railway. Detailed arrangements regarding the replacements to take effect immediately on the transfer of the Railway are to be made by the Joint Railway Commission provided for in Article XVI of the Treaty.

6. The entire subordinate staff of the Japanese Traffic Manager and the Japanese Chief Accountant of the Railway is to be appointed by the Chinese Managing Director. After two years and a half from the date of the transfer of the Railway, the Chinese Government may appoint an Assistant Traffic Manager of Chinese nationality for the period of two years and a half, and such Chinese Assistant Traffic Manager may likewise be appointed at any time upon notice being given for the redemption of the Treasury Notes under Article XVIII of the Treaty.

7. The Chinese Government is under no obligation to appoint Japanese subjects as members of the subordinate staff above mentioned.

8. The redemption of the Treasury Notes under Article XVIII of the Treaty will not be effected with funds raised from any source other than Chinese.

9. The Chinese Government will ask the Japanese Government for such information as may be useful in making the selection of the Japanese Traffic Manager and the Japanese Chief Accountant of the Railway.

10. All questions relating to the existing contracts or commitments made by the Japanese authorities in charge of the Railway shall be settled by the Joint Railway Commission; and, prior to the transfer of the Railway, the said Japanese authorities will not make any new contracts of commitments calculated to be harmful to the interests of the Railway.

IV.—*Opening of the Former German Leased Territory of Kiaochow*

11. The term "lawful pursuits" used in Article XXIII of the Treaty shall not be so construed as to include agriculture, or any enterprise prohibited by Chinese law or not permitted to foreign nationals under the treaties between China and foreign Powers, it being understood that this definition shall be without prejudice to the question of the salt industry provided for in Article XXV of the Treaty or to any question relating to vested rights which shall be determined in accordance with Article XXIV of the Treaty.

V.—*Post Offices*

12. All the Japanese Post Offices outside of the former German Leased Territory of Kiaochow shall be withdrawn simultaneously with the transfer of the Tsingtao-Tsinanfu Railway, if such transfer shall take place before January 1, 1923, and, in any case, not later than the said date.

13. All the Japanese Post Offices within the former German Leased Territory of Kiaochow shall be withdrawn simultaneously with the transfer of the administration of the said Territory.

VI.—*Claims*

14. The omission of any reference in the Treaty to the question of claims which Chinese citizens may have against the Japanese authority or Japanese subjects, for the restitution of real property in Shantung or for damages to the persons and property of Chinese citizens in Shantung, shall not prejudice such claims.

15. The Chinese authorities shall furnish the Japanese authorities with a list of such claims together with all available evidence in support of each claim. Justice shall be done through diplomatic channel as regards the claims against the Japanese authorities, and through ordinary judicial procedure as regards the

claims against Japanese subjects. With respect to the latter class of claims, the investigation into actual facts of each case may, if necessary, be conducted by a Joint Commission of Chinese and Japanese officials, in equal number, to be specially designated for that purpose.

16. The Japanese Government shall not be held responsible for any damages which may have been directly caused by military operations of Japan during the late war.

(Initialed) S. A. S.

(Initialed) V. K. W. K.

(Initialed) C. H. W.

(Initialed) T. K.

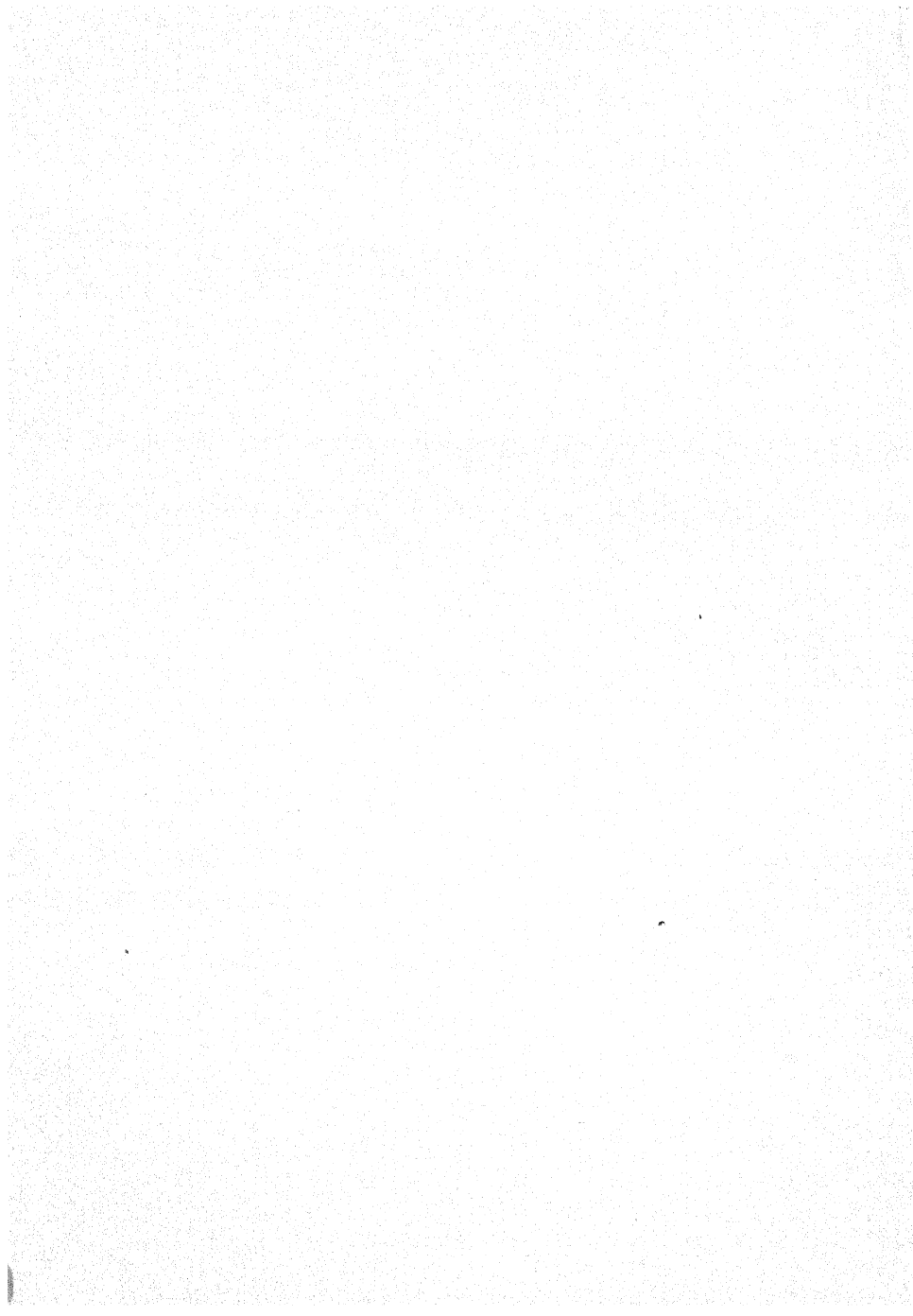
(Initialed) K. S.

(Initialed) M. H.

Washington, D. C.
February 4, 1922.

[THE END]

INDEX



INDEX

- Abrogation, the, of the Kiaochow Convention, 88-95.
- Accountant, Chief, demanded by Japan, 247, 248, 252, 254, 258, 264, 270.
- Actual facts as basis for Shantung Conversations, 244.
- Admiral Diederichs, 27.
- Adoption of the League of Nations, 116.
- Adriatic question, the, 113; similar to the Shantung question, 114.
- Aftermath, the, of the Shantung settlement, 150 *et seq.*
- Aglen, Sir F. A., Inspector of Chinese Customs Service, 56, 57.
- Akiyama, Mr. Y., Japanese Civil Governor of the Kiaochow leased territory, 178.
- Alignment, the political, of the European Powers in the Far East, 40-43.
- Alliance, the Anglo-Japanese, 43.
- Allied, the, Secret Agreements, 16, 66 *et seq.*; their real character, 76-78.
- Allies, the, as "trustees," 111.
- Alsace-Lorraine, 13.
- Alternative solutions, the, of the Shantung question by President Wilson, 112, 115.
- American commissioners, the, to negotiate peace, indignant at the Shantung settlement, 117.
- American Minister, the, in Peking, 87.
- Anglo-Japanese Alliance, the, 43.
- Anzer, Bishop, 26*n*.
- Arnold, Julian, 187*n*.
- Assurance, the British, to the Department of State, 46*n*.
- Attempts, the, at "direct negotiation," 213 *et seq.*
- Attitude, the, of China explained, 219-220.
- Baker, Ray Stannard, 117, sent by President Wilson to explain the Shantung settlement to the Chinese delegation, 118; quoted *in extenso* "What Wilson did at Paris," 138-142.
- Balfour, Mr. (now Sir) Arthur James, refused to supply the Chinese delegation the minutes on the Shantung decision, 119; offered good office, 238, 239, 240, 241, 257, 261.
- Barnardiston, Major-General, 52.
- "Big Three," the, 19, 21.
- Bliss, General Tasker H., protested against the Shantung settlement at Paris, 117.
- Borah, Senator, of Idaho, 160.
- Boxer Indemnity, the, 83.
- Boycott, the, against Japanese goods, 158, 219.
- British forces cooperated in the Tsingtao expedition, 49, 50.
- Calvo on treaty validity, 90.
- Case, the, of Poshan mines, 200-201.
- Cassini Convention, the, 27, 29.
- Casualties, the Japanese, in the Tsingtao expedition, 53.
- Chang, Tsung-hsiang, Chinese Minister at Tokio, 96.
- Chefoo railway, the, 16.
- China and the European war, 40 *et seq.*, 82, the story recapitulated, 105-107.
- China's case heard before the Council of Ten, 106-107; counter-proposals of Shantung in the negotiation of the Twenty-one Demands, 63-65.
- Chinda, Viscount, 111.
- Chinese neutrality, *see* Neutrality.
- Chinese reply of May 22, 1920, the, 216-217; of October 5, 1921, 223-226; of November 4, 232-235.
- Chinlingchen iron mines, the, 187.
- Chin, Nun-hsun, Premier of China, 149.
- Chino-Japanese secret agreements of 1918, the, 17, 96-101.
- Chino-Japanese war, the, 24.

- Civil Administration, the Japanese, in Shantung, 51, 99-100.
- Clemenceau, Georges, 19.
- Coaling station, a, for Germany, 25.
- Commercial activities, Japan's, in Shantung, 202; commercial facilities in Shantung, 193-197; *Commercial Handbook of China*, 202.
- Communique, the Japanese official, 222n.
- "Compromise formula," the, 262, 264; "compromise settlement" proposed by the Chinese delegation at Paris, 115.
- Concessions, Japan's final, 220.
- Conference, the, at the White House, 161.
- Contract (preliminary) for Kaomi-Hsueh and Shunteh-Tsinan railways signed, 97; a sponsorship, 98.
- Convention, the, of March 6, 1898, 33, 34.
- "Conversation" on Shantung, 23; suspended by the Japanese, 253; resumed, 255; again suspended, 259; again resumed, 262; as a compromise procedure, 238; reasons for, 239-240; when begun, 241; and how, 242.
- "Council of Three," the, 116; "Council of Ten," the, 102, 103, 106; "Council of Four," the, 108, 110, 111.
- Customs, the, at Tsingtao, 35, 36, 54 *et seq.*
- "Desirable extent," the, 72.
- "Direct negotiation," 22; *see* Washington Conference, 213 *et seq.*
- Demands, six, by Germany in 1898, 28.
- Dewey, Professor John, in China, 202.
- Dillon, Dr. E. J., 80.
- Diplomatic background, the, of the Kiaochow affair, 30-32.
- Disclosure of the Allied secret agreements, 103, 104, 105.
- Dismemberment of China, 24-25.
- Displacement of Chinese by Japanese on the Shantung railways, 180-181.
- Draft, the preliminary, by Chinese delegation at Versailles, 128.
- Dutasta, M., Secretary-General of the Peace Conference, 132.
- Economic stranglehold, Japan's, in Shantung, 198-199, 200.
- Effect of war upon treaties between China and Germany, 88-95.
- Engineer, Chief, demanded by Japanese, 247, 248, 252, 254.
- European War, 15.
- Explanation offered for the Shantung settlement, 118.
- Failure, the, to bring the Shantung question before the Washington Conference, and reasons, 240-241.
- Fall of Tsingtao, the, 40 *et seq.*
- Fangtze coal mine, the, 185.
- Far Eastern Review*, the, 54-57, 184, 186n.
- Ferguson, Dr. John Calvin, before the Senate Foreign Relations Committee, 162.
- "Flying wedge," the, 83.
- Foreign Relations Committee of the Senate, 161-162.
- Formula, China's final, 257; the same unacceptable to Japan, 258; compromise formula offered by Hughes and Balfour, 262.
- French diplomacy, 71-73.
- "Full sovereignty," 150, 151-152, 153, 156.
- Geographische Zeitschrift*, 190.
- German attempt at restoration of Kiaochow to China before Japan's ultimatum, 44.
- Germany in Shantung, 15, 35-39; troops withdrawn, 36.
- Gold mines, the, in Shantung, 189.
- "Good offices" offered by Mr. Hughes and Mr. Balfour, 238; *see also* Washington Conference.
- Green, Sir Conyngham, British Ambassador at Tokio, 45.
- Hankey, Sir Maurice A. P., 113, 130.
- Hanihara, Mr., Vice-Minister of Foreign Affairs of Japan, 245n, 253.
- Harding, Senator (now President), 159.
- Hart, Sir Robert, 35, 55.
- Henle, German Missionary, 26.
- Henry, Prince, 28.
- Herald*, the New York, 189.
- Heyking, Baron, German Minister in Peking, 35.

- 164, 165, 166, 167, 168, 169; resolution of ratification, 170.
- "Rights of Administration," the, not sovereignty, granted to Germany in Kiaochow, 154.
- Russo-Japanese war, the, 21.
- Salt Industry in Shantung, 205-206; different aspects of, 206-207.
- Samman Bay, surveyed by Germany, 25.
- Schantung Bergbau Gesellschaft*, 184.
- Schantung Eisenbahn Gesellschaft*, 174.
- Scott, Dr. James Brown, 110, 111.
- Secret Agreements of 1918, 96 *et seq.*; reasons for, 100-101.
- "Secret Treaties," the, editorial of the *New York Times*, 78-81.
- Secret diplomacy, 76.
- Seizure of Kiaochow-Tsinan Railway by Japan, 172-173.
- Selden, Mr. Charles A., 85, 104, 114.
- Senate, the United States, and the Shantung question, 159-171.
- Settlement, an exclusive Japanese at Tsingtao, 156.
- Shantung question, the, 14, 18, 22-23; Shantung recognised as German sphere of interest, 37-38; seen from within, 211; at the Versailles Peace Conference, 102 *et seq.*
- Sherman, Senator, of Illinois, 159.
- Shidehara, Baron, Kijuro, 149; summarising the railway dispute, 261, 257, 258; declining to invoke the good offices of Hughes and Balfour, 258-259.
- Shipping, the Japanese, on China coast, 195-197.
- Smith, Senator, of Georgia, 168.
- South Manchurian Railway, the, 20.
- "Sovereignty," Shantung to be returned in full, 150, 151, 152, 153; distinguished from "rights of administration," 154; defined, 154-155.
- Spectator*, *The*, 26n.
- Spencer, Senator, of Missouri, 163-164.
- Sphere of Interest, the, 14; Shantung recognised as a German sphere, 37, 38.
- Sponsions, 98.
- Stenz, German missionary killed, 26.
- Statements, the, issued by the Chinese delegation at Paris, 120-122, 122-123, 135-137; commented on by the *New York Times*, 137n; issued by Baron Makino, 126; by Viscount Uchida, 151-152; by President Wilson, 152-153; by the Japanese Foreign Office, 214, 215-218.
- Student movement, the, 81.
- Submarine warfare, China's protest against, 86-87.
- Suspension of Shantung "conversations" by Japan, 253.
- Sze, Sao-ke Alfred, Chinese Minister to the United States, and Chief delegate at the Washington Conference, 242, 249; his statement, 243-244; his proposal of payment, 250, 255, 257, 262n, 263.
- Tachibana, Mr., Japanese Custom Commissioner in China, 56.
- Taylor, Hannis, authority on International Law, 98.
- Terms of the Shantung Treaty analysed, 268-275.
- Testimony before the Senate Foreign Relations Committee, 162.
- Threat of war on China by Japan, 144-149.
- The Times* (London), 29, 50.
- The New York Times*, 78, 85.
- Traffic Manager, Chief, demanded by Japan, 247, 248, 252, 254, 258, 264, 270.
- Treaty of Peace with Germany, 17; its operation, 21-22.
- Tsinan-Shunteh railway, the, 96.
- Tsaochowfu, 26.
- Tsingtao, the fall of, 40 *et seq.*
- Tsung-li Yamen, the, 32.
- Tuan Chi-jui, 87.
- Twenty-one Demands, the, 16, 60 *et seq.*
- Uchida, Viscount, 151-152.
- Ultimatum, the Japanese, to Germany, 45-47, 48; Japanese ultimatum to China, 65.
- Unconditional restoration, 213.
- Underwood, Senator, of Alabama, 170, 171.
- Versailles Peace Conference, the, 17, 102 *et seq.*
- Von Richthofen, Baron, 26n.

- Walsh, Senator, of Montana, 170, 262-263.
- War, the European, and Japan, 40 *et seq.*; Russo-Japanese, and China, 42, 44.
- War zone, the establishment of, 49-50; the abolition of, 53.
- Washington Conference and the Shantung question, 22, 23, 182, 190, 191, 199, 207, 208, 211, 220, 226, 227, 228, 236, 237-265.
- Watson, Senator, of Indiana, 160, 177.
- Weapons of peaceful penetration, 209.
- Web of diplomacy, 20.
- Wei-hai-wei, surveyed by German engineer, 25.
- Wei-hsien coal field, the, 186.
- White House conference, 161.
- Williams, Professor E. T., 110; before the Foreign Relations Committee, 111-112, 115, 116.
- Wilson, President Woodrow, 19, 107; his two alternative solutions, 112, 115; refused to make public the Bliss letter, 163 *and note*.
- Withdrawal of German troops, the, 36.
- Witte, Count Sergius, 80.
- Wu Wei-teh, Chinese Minister to France, 131.
- Yangtze Valley, the, British sphere, 38.
- Yuan Shih-kai, 82, 84.

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